OLDER PERSONS IN SOUTHEAST ASIA

AN EMERGING ASSET

EDITED BY

EVI NURVIDYA ARIFIN • ARIS ANANTA

ISEAS
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OLDER PERSONS IN SOUTHEAST ASIA

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INSTITUTE OF SOUTHEAST ASIAN STUDIES

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Foreword

The editors and contributors to this volume are to be congratulated for a topical, fascinating and broad-ranging study of ageing in Southeast Asia. The authors raise many thought-provoking, indeed worrying, issues. But the subtitle could just as well have been something like "the challenge of success", for one of the key drivers of Southeast Asia's dramatic demographic transitions has of course been the region's rapid socio-economic development.

The study deepens our knowledge of demographic issues in the ten countries and, more broadly, it connects to at least four sets of analytical and policy issues. The first is the speed of the region's demographic transitions in recent decades. For a volume on ageing, it is useful to remind younger readers that the literature up to the 1970s was preoccupied with *rapid* population growth, and its associated challenges — providing employment, education and housing. Malthusian scenarios were ever-present in some countries, memorable for example in the arresting observation of Nathan Keyfitz that the island of Java was in danger of "asphyxiating for want of land".

A decade into the twenty-first century, not only are population growth rates falling, but in some countries populations are actually declining, or at least they would if it were not for net in-migration. In Asia, Japan is leading the way in this respect, with Singapore and China following closely. Korea and parts of Southeast Asia are likely to be in this situation within a decade. As the editors observe, countries are becoming "old before they are rich", which is contrary to the demographic experience of Western countries, with the wealth to more easily manage the economic challenges associated with ageing.

In Southeast Asia, the Singapore experience illustrates the rapidity of demographic change. As David Reisman points out, Singapore's infant mortality rate has declined from 82 (per thousand live births) in 1950 to 2.6

in 2007, one of the lowest in the world. Correspondingly, its fertility rate has also fallen dramatically, from about 6.4 in 1950 to 1.3 in 2007. As a result, the "dependency ratio" (somewhat arbitrarily defined as the population aged under 15 and 65+ years, as a percentage of the working age population 15–64 years) at first fell sharply, from about 95 per cent in 1966 to 39 per cent in 2006. But it is now rising quickly, and it is projected to be about 65 per cent in 2030. Similar trends are evident elsewhere in the region, albeit in most cases not quite at the Singapore rate.

A second reason is that, perhaps more than any other social science discipline, demography connects to a wide range of cross-cutting issues, both conceptual and policy-oriented. This volume, with contributions not just from demographers but also from economists, psychologists, sociologists, health professionals, and social workers nicely illustrates the need for a multi-disciplinary approach to demographic issues.

For economists, the issues are relatively straightforward: rapid population growth results in a youthful population and a high proportion of young dependents, that is, a high dependency ratio. As population growth has slowed, and populations have aged, this ratio has fallen, that is, the percentage of the population in working age groups has risen. This is the period of the so-called "demographic dividend", which much of East Asia has benefited from since the 1970s. Indeed, one strand of literature has gone so far as to argue that a good deal of the "East Asian miracle" can in fact be explained by demographics. Opinions divide on just how important a factor this may have been. One widely reported set of estimates by David Bloom and associates suggests that it may have accounted for as much as one-third of regional growth rates since the 1970s.

Conversely, as populations age and dependency ratios rise, this dividend will disappear and become a negative source of growth. The fact that this challenge, of looking after a large aged community, is now occurring in lower-middle income countries is historically unprecedented.

Authors from other disciplines approach these issues from a variety of perspectives. There is for example the moving account by Kalyani Mehta of the older members of the Gujarati community in Singapore, and how they feel socially and culturally isolated. Health professionals remind us that the demographic transition is also an epidemiological one, and that the World Health Organization's notion of "active ageing" provides a helpful policy framework. There are in addition important gender dimensions, since women on average live longer than men, they are typically more engaged with the care of the elderly, and they generally

have less economic security in old age. Philip Kreager underlines the ramifications for civil society and mass organizations of a rapidly ageing population. Elsewhere, political scientists have examined the implication of "grey power", including the inter-generational struggles for resources, for example over unfunded national pension schemes.

A third major issue relates to the striking demographic differences both between and within countries. A look at the statistics illustrates these differences, which are deftly examined by the editors in their overview chapter. Within Southeast Asia, there is no straightforward correlation between economic development and demographic change. The fastest transition has occurred in the richest country, Singapore. But the next richest of the major economies, Malaysia, has experienced much slower demographic change. Meanwhile, fertility has fallen quite quickly in Thailand and Indonesia, but not in the Philippines, as Socorro A. Gultiano and Sonny S. Agustin point out. Among the three Mekong economies in transition from plan to market, demographic change in Cambodia and Laos is much slower than that of Vietnam.

Thus the Philippines and Malaysia seem to be outliers within Southeast Asia. These two countries have very different development histories, cultures and institutions, suggesting that the relationship between socio-economic development and demographic variables is a complex, multi-faceted one.

There are also significant differences within countries, indicating that national population policies have uneven effects across regions and households. Some of these differences, moreover, have political ramifications. In Indonesia, for example, fertility has fallen very quickly in some regions (for example, Central and East Java, Bali, North Sulawesi), to the point where these regions now have fertility levels below replacement. Fertility levels among Malaysia's *bumiputera* community are much higher than that of the Chinese community. Singapore's leadership is known to fret over the inverse correlation between female education levels and fertility, as well as the related phenomenon of lower fertility levels in the ethnic Chinese community.

The volume also dwells on a fourth reason for interest in demographic issues, that of international dimensions. For rapidly ageing societies, inward migration is seen as one solution to the rising dependency burden, even in countries like Japan that have been historically resistant to immigration. International population movement in response to differential fertility rates might be seen as a win-win solution, to the extent that both the

"ageing" and "youthful" societies benefit: expanded employment and earnings opportunities for the latter, and managing the consequences of rapid ageing for the former. Indeed, academics such as Dani Rodrik argue that the gains for poor countries from international migration far exceed those from multilateral trade and investment liberalization, and that therefore opening global labour markets ought to be a central issue in any round of global commercial negotiations.

Nevertheless, these flows do raise concerns. The receiving societies worry about the social and economic integration of the new arrivals, while the source countries are concerned about the loss of human capital and the social disruption caused by absent parents. In both cases, the calculus differs depending on whether the flows are temporary or permanent.

An attractive feature of this volume is that it not only lays out the issues systematically but also canvasses policy options. A central theme is the need to regard an ageing community as an "emerging asset", in the words of the editors, rather than a financial burden. Hence the notion of "active ageing", with policies designed to assist the elderly to lead healthy, fulfilled and productive lives.

Specifically, as dependency ratios rise, there will need to be a range of policy responses. First, governments will need to help prepare the community to be able to manage their economic security in old age. This response will vary depending on social norms and political priorities. In Singapore, as Chew Soon Beng and Rosalind Chew point out, the historical distrust of the "welfare state" has led to alternatives, ranging from compulsory saving schemes through to training and other programmes to raise earnings and workforce participation. Kusol Soonthorndhada outlines the various social security and healthcare measures that Thai governments have adopted. Whether these initiatives are financially viable remains to be seen. Certainly the experience in neighbouring countries — notably Indonesia and the Philippines — is that unfunded national pension schemes may eventually become a fiscal time bomb.

A second policy response emphasized by several authors is an increased commitment to education and training, and greater labour market flexibility. Better-educated workers are likely to have higher life-time earnings, and therefore the ability to save more for old age. They are also likely to be more adaptable and easily retrained in response to changing economic structures. These measures need to be accompanied by greater labour market flexibility, including the elimination of age-based discrimination in the labour market.

Third, international migration will continue to be a key part of the solution, especially in Southeast Asia, a region traditionally known for its porous international boundaries and its ethnic diversity. Singapore and Malaysia have one of the highest proportions of immigrant workers in their labour forces, while the Philippines is the third or fourth largest recipient of international remittances in the world. ASEAN as an institution has begun to move slowly in response to these developments, with the establishment of the ASEAN Labour Area and other initiatives. But whether or not ASEAN develops more formal mechanisms, these population flows will continue regardless, as long as economic disparities within the region remain large.

There is a range of additional measures advocated by the authors, including infrastructure and housing programmes that accommodate the needs of the elderly, attention to social mores that engender respect for the elderly as valued members of the community, health programmes that reduce the need for expensive, institutionalized care, and much else.

These are just some of the issues discussed in this readable and accessible volume. I commend it to a diverse readership — regardless of age! — in the academic, policy and business communities, as well as the general public.

Hal Hill
H.W. Arndt Professor of Southeast Asian Economies
The Australian National University

Message from the Director

With their growing importance in both developing and developed countries, issues relating to the ageing population in Southeast Asia continue to be one of the major research interests of the Institute of Southeast Asian Studies (ISEAS). One of the primary concerns is how to transform older persons from liabilities to assets, given the possible decline in number and proportion of the working age population, combined with limited availability of social security schemes. Because of its complexity, the examination cannot be conducted from one discipline only. It should be an interdisciplinary work.

Therefore, I am glad that two ISEAS researchers, Dr Evi Nurvidya Arifin and Dr Aris Ananta, have brought together experts from various disciplines, examining the above issues in Southeast Asia and producing this book. Earlier, Dr Lee Hock Guan, also researcher at ISEAS, edited *Ageing in Southeast and East Asia: Family, Social Protection and Policy Challenges* (Singapore: Institute of Southeast Asian Studies, 2008). Currently, another edited book, under the theme of gender and ageing, is being prepared by Dr Theresa Devasahayam, another ISEAS researcher.

I hope that this book, and others in the series of publications on ageing by ISEAS researchers, can stimulate deeper discussions on the need for better ageing-related policy formulation in Southeast Asia and beyond.

K. Kesavapany
Director
Institute of Southeast Asian Studies

Preface

In the twenty-first century, the ageing population has become a global phenomenon. Its economic, social, and political impacts are apparent in almost all countries. Worldwide, the proportion of population aged sixty and over is growing faster than any other age groups. Looking towards the future, the growth rate of the ageing populations in Southeast Asia will also accelerate, and some countries will even reach higher rates than in developed countries. The heterogeneous feature of Southeast Asia indicates that some countries will be demographically "advanced" but economically developing. To some extent this will incur certain economic, social and political burdens and perhaps even impede economic growth, adversely affect social cohesion, and even endanger political stability, if not anticipated with appropriate policies and programmes.

Rapid ageing in Southeast Asia is also accompanied by other underlying social, political, economic and technological transitions. There have also been a rising number of studies on ageing in Southeast Asia, raising many fundamental questions. How does the elderly population remain independent and active economically and therefore reduce the burden of the younger population? Will the rapid increase of the pace and stages of ageing population bankrupt the health care services and social security systems? How will the change in norms on family affect the financing of the elderly population? Can we promote the growing size of older persons as a possible asset for development? This book contributes to a better understanding of ageing populations in Southeast Asia, especially in one particular, and very important, aspect of ageing communities — the financing of the older persons and the possible transformation of older persons from liabilities to assets. The book also concludes that active ageing is one of the aims of the development, as well as an important means to solve the financing issues of the older persons. This book offers a much wider understanding of financing

older persons from the social, cultural and political perspectives. It provides valuable insights not only for Southeast Asia, but also elsewhere in this era of the "ageing century".

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PART I
Introduction

1

OLDER PERSONS IN SOUTHEAST ASIA
From Liability to Asset

Aris Ananta and Evi Nurvidya Arifin

Disappearing Filial Piety?

Ipan (not a real name), in his forties, was caught in a complex dilemma. He had an offer of a more promising job in Samarinda, the capital city of the province of East Kalimantan, Indonesia, than his job in Bandung, the capital city of the province of West Java. He had been living with his wife and two young children in Bandung, a four-hour flight and two-hour drive to Samarinda. Ipan lived in an extended household with four generations, including Ipan's grandmother-in-law, 84, and mother-in-law, 68. Ipan's wife ran a home industry and, therefore, could help her mother take care of the grandmother, and bring the children up on her own. Her mother, in turn, helped take care of her children (one aged five, and the other, two).

The dilemma was whether Ipan should move to Samarinda for a better income, together with his family, leaving his mother-in-law alone, or move to Samarinda on his own, permitting his wife and children to be with her maternal parents? Should they continue co-residing with his older "mothers" in Samarinda? His mother-in-law was reluctant to move

as she wanted to spend her golden years in the house she used to live in and in the society where she used to belong. She was not brave enough to handle the required adjustments should she move to Samarinda, which is ethnically and sociologically different from Bandung. More importantly, she wanted to continue taking care of her octogenarian mother. Finally, Ipan decided to accept the job and move to Samarinda without his family for several months. Later on, he and his wife made a hard decision to leave the mother and grandmother in Bandung. An unmarried brother of Ipan's wife moved into the house to keep two older women company. Ipan and his family have changed the way of taking care of the older persons: now through a distant, more formal care.

Ipan is not from a poor family. Ipan and his wife are still able to finance and take care of their parents. His older mother and grandmother are not abandoned. With the availability of advanced technology in communication, particularly the capacity to send short message through a mobile phone, Ipan's wife managed to exchange news continuously with her mother and grandmother. Ipan's case is just an illustrative vignette of the current mobile generation that has broader job opportunities in a large country such as Indonesia, and at the same time, benefits from technological change, particularly in communication and transportation. It is an example of a complex dilemma pitting an adult child's filial duty against his future career, and bringing about changes in the living arrangement and financing of older parents in a large country where the percentage of older persons is still relatively low.

The norms have also changed in a country such as Korea, where filial piety was deeply practised and which is now one of the ageing societies in East Asia. As part of the transition into adulthood, many family members have moved out and are no longer living in the same household or even in the same neighbourhood for many reasons. Intergenerational relationships have become more egalitarian. Adult children can afford less support for their parents than their parents for their grandparents. The informal, family-centred care of older persons has been shifting towards formal, government-initiated public services. The question is how long Koreans can sustain their filial piety, perhaps in a more modern way, particularly in terms of taking care of older persons (Sung 2005).

Filial piety, a part of the cultures of the peoples of China, Japan, and Korea, is a general concept that can be viewed in six major aspects: respect for the parents, filial responsibility, harmonization of the family, repayment of a debt to the parents, affection for the parents, and sacrifice for the

parents (Sung 1998). This concept of filial piety is also taught in different ways in each Southeast Asian country.

In Thailand, Soonthorndhada in Chapter 3 mentions that Buddhism, which is the dominant religion there, teaches children to respect older persons — there is a strong obligation on the part of children to take care of their parents. As mentioned by Cruz in Chapter 12, children in the Philippines, particularly daughters, are expected to take care of their parents (an obligation known as *uang na loob* or debt of gratitude). Islam, the religion of the majority of the population in Indonesia, Malaysia, and Brunei Darussalam, is very strong in denouncing children who fail to care for, and respect, their ageing parents — the belief being that older parents should not have to work because of financial necessities (Cleary and Maricar 2000). In Singapore, a society with a Chinese majority, as described by Mehta in Chapter 13, the government emphasizes the importance of the filial responsibility of adult children and children-in-law as supports for the older persons. They have the Parents Maintenance Act, which protects older persons from financial neglect by their offspring.

Nevertheless, it is not clear to what extent this notion of respect for the elderly has been disappearing. Studies such as Zimmer et al. (2007) and Qin, Punpuing, and Guest (2008) showed the important role of migration within Cambodia and Thailand in relation to living arrangements and availability of support. Internal migration may have eroded the traditional co-residency pattern and intra-household caring for older persons. However, another possibility is that older persons themselves may not request the same kind of filial responsibility. As indicated by Mehta and Thang (2008), future Singaporean grandparents may be different from current ones. With better education and higher income, future grandparents will be financially less dependent on their children.

Several other studies (Sung 1998; Sung 2005; Lan 2001) revealed that filial piety has remained alive in highly urbanized, industrialized societies, although it is expressed in different ways. Lan used the concept of "subcontracting filial piety" to describe how adult children still provide care for their elderly parents by employing non-family caregivers for them and paying for this through private or public funds. Using this concept, we see that in our earlier vignette, Ipan was still continuing to exercise his filial duty. Many similar cases can be found in different places especially when adult children are dual-family earners.

Interestingly, the notion of the generational gap, as a result of diminishing filial responsibility, has also been seen as business and political

opportunities. In Indonesia, for instance, the issue of the generational gap has been used recently by the young elites to challenge the older elites as the country moved towards its parliamentary and second direct presidential elections in 2009. This "hatred towards the older generation" has also been used as a marketing strategy to entice the younger generation to smoke. A cigarette company has put out an advertisement mocking the older generation with the slogan "*Yang Muda Yang Enggak Dipercaya* [The Young, the Untrustable]" and "*Yang Muda Belum Boleh Bicara* [The Young Cannot Talk]" to boost their sale, with its implied criticism of the authority of older persons and, therefore, persuading the young generation to rebel against the warning on the danger of smoking.[1] If this subject continues to be advertised in this manner, negative effects on health will be seen later, and the intergenerational gap will continue to exist and erode the value of filial piety.

From Baby Boom to Older Persons Boom

All countries in Southeast Asia are seeing a rapid shift from a baby boom to an elderly boom. They have been in the midst of a demographic transition that has changed the age structure of their populations dramatically. In the 1950s and 1960s, all countries in the region were still in the early stages of their demographic transition, characterized by continuing high fertility and declining mortality, resulting in the baby boom generation. These countries used to struggle with financing a growing number of babies and young children. The young population became an economic burden. Yet, at that time, children were also often seen as an asset for the elderly. Older parents expect their adult children to care (meaning emotional, physical and financial care) for them. Having more children was seen as securing golden years for the future as children are supposed to be assets that do not depreciate with inflation over time, unless they do not behave properly towards the parents.

Since the late 1960s, fertility and mortality rates have been declining in Southeast Asia. With the increasingly high expectancy of life, the large number of young people born earlier will become a large number of older people (60 years and over) after 2020. The baby boom generation will have transformed into the older population boom generation. They will still consume, but they will have stopped producing by then. Who will take care of these older persons, particularly frail, older persons? Who should finance the caring for this expanded population of older population?

It is interesting to revisit the period of high fertility in 1950–80 in the context of current ageing issues. The crucial question at that time was whether a large number of children was an asset or an obstacle to economic development. In the early 1950s the Office of Population Research, Princeton University, started to conduct a study on the relationship between population growth and economic development in low-income countries, with a focus on India. This study resulted in a book (Coale and Hoover 1958), which has then been followed up with a very large number of studies on the relationship between population growth (high fertility) and economic development, conducted by many researchers around the world.[2]

Coale and Hoover argued that high fertility increased "unproductive" spending (including education) for the children. High fertility meant smaller savings, and thus, smaller amounts of money to be utilized for development. Therefore, they believed that reducing fertility was very essential to promoting economic growth in low-income countries.

Results of subsequent empirical studies based on data from 1950–90, however, have been mixed. Kelley and Schmidt (1996) examined empirical relationships between high population growth and per capita income and found that relationship can be negative, positive, or not significant. One of the explanations of the mixed results is that Coale and Hoover's study assumed that national income does not change while fertility changes rapidly. If a larger number of children can be accompanied by higher technology and/or bigger human capital, then a larger population could mean higher income. Therefore, a higher number of children does not necessarily mean smaller savings.

Currently, with fertility rates being relatively low, or even below replacement level in some countries and sub-national regions of Southeast Asia, a similar question has emerged. Will the rising number and percentage of older persons, who still consume but no longer produce, be an asset or an obstacle to economic development? Similar to the argument by Coale and Hoover for the case of high fertility rates, the case can be made that a large number of older persons will result in a smaller saving because the income is spent for "unproductive" expenditure on older persons. A higher number of older persons means more resources will be spent to serve "unproductive" older persons, and, therefore, these resources cannot be used to promote economic development. Following this argument, the next question is how to find the resources to finance the rising cost of caring for the rising number and percentage of older persons. In the meantime, the current ageing population itself is ageing further, that is,

the percentage of the population above the age of eighty is increasing, putting pressure on health and care service provisions. As questioned by Lutz et al. in Chapter 2, does the rising ageing population become a new serious threat to the well-being of the population of Southeast Asia?[3]

Just like the critics of the Coale and Hoover model, we may also posit that it is possible to raise national income even with the rising number and percentage of the older persons. First, we can make older persons active and healthy, thereby, reducing the cost of taking care of them. Second, making them active and healthy means they can also contribute to the economy. Therefore, older persons can become an asset for the economy. Even the healthy and productive older persons can be one of the competitive advantages of an economy. In other words, if older persons can be made an asset, there may not be the anticipated or feared relationship between the rising number and percentage of older persons.

However, this is not the current situation. As discussed in Hewitt (2003), Japan had the oldest population in the world, enjoying the longest and healthiest lives. Japanese men could expect to live to an average age of 77.8 years while the women could survive until 85 years. The combined life expectancy of 81.5 years exceeded that of western Europeans by three years, and that of the Americans by four years. The Japanese baby-boomer generation is enjoying the benefit of longevity and has created "hyper-ageing", resulting in an "elderly boom" or an unusually large group of older persons — more than 23 per cent of the population — aged 60 and above. Hewitt argues that its ageing population has weakened Japan's growth rate, depressed tax revenues, and accelerated public spending.

Korea is another ageing society in East Asia. Despite a number of efforts by the Korean government, the policies on welfare of older persons in this country are still inadequate in terms of scope, budget, and support. There is still a considerable gap between meeting the needs of older persons and the government policies (Ahn and Chung 2008).

Simultaneously, older persons in many poor families and communities may be suffering much more as they are neither protected by a formal or public social security system, nor a private system (Ling 2007). The concept of "retirement" does not have any meaning for them. In a study on China, Pang, de Brauw, and Rozelle (2004) found that most of the population aged 60 and above in rural China still worked in the formal labour force, with almost all persons aged between 50 and 60, and over two-thirds of

those between 60 and 70 years old, still working. In short, as surmised by the United Nations (2007), most of the population in developing countries face the gloomy prospect of very weak income security in their old age.

In this book we attempt to contribute to a better understanding on financing ageing communities in Southeast Asia. We approach the financing of older persons from two sides. First, we examine available financial support systems for older persons. This knowledge can be used to improve or reform financial support systems. Second, we do a study on the expenditures needed to take care of the health of older persons. Smaller sums required for health-related expenditure mean greater possibilities for better use of limited financial support. Furthermore, and more importantly, better health itself is one of the noble goals of development.

We also discuss migration, a variable often neglected in discussions on ageing population. Migration can have a complex impact on ageing issues, including those on financing older persons. Migration can also be a mechanism to cope with ageing issues. Another substantive feature of this book is the comparison of several systems — government, market, and civil society — to manage the well-being of a population, particularly its vulnerable groups.

We also go beyond the monetary approach to financing the needs of older persons. The book offers a much wider understanding of financing ageing communities from the social, cultural, and political perspectives. The authors of the chapters in this book come from different disciplines: economics, demography, anthropology, sociology, public health, and medical science.

Different definitions of "older persons" have been used by the authors. The chronological age of 65 years has been used as the cut-off age for defining older persons in most developed countries, to approximate the retirement ages. Many government reports in Singapore also use 65 as the cut-off age. On the other hand, the United Nations has decided to use 60 years as the cut-off age for defining older persons.

However, the definition is somewhat arbitrary. In reality, the cut-off age for defining older persons can be different from the retirement age. Besides, the retirement age in any country can vary from one occupation to another. Therefore, the authors of the chapters have their own considerations when using the definition of older persons in their analyses. In this chapter, we use 60 years as the cut-off age for defining older persons.

This book comprises five parts and fifteen chapters. Part I consists of an introduction, a background, and objective of the book as well as, more importantly, a synthesis and conclusion from discussions throughout the chapters of the book. It also highlights the importance of future Southeast Asia's demographic profile, taking into account the changing educational structure, which can have a major impact on income and health, among other things. Part II focuses on old age income security for older persons, which form a part of the vulnerable population (other groups being children, the sick, and disabled persons). This part discusses a wide range of governmental-like policies, plans and simulations on how to finance the well-being of older persons. The discussions cover the issues in particular countries such as Singapore, Thailand, and Vietnam. Part III discusses a wide range of policies and strategies in coping with life in the golden years. It covers discussions on the employment of older persons, through which they can contribute to their own financial strategy. It also highlights living arrangements of older persons and active ageing. Part IV highlights the special theme of the extent to which migration, either cross-national borders, or within a border, can help increase the welfare of older persons. Finally, Part V discusses the role of government and civil societies in managing ageing issues.

The rest of this chapter discusses differences in population ageing and issues in Southeast Asia, before presenting some of the results of the studies in the book. It ends with a conclusion from this book, which is a policy to turn older persons from being a liability to being an asset.

Diversity of Ageing Issues in Southeast Asia

Mujahid (2006) showed that the number of older persons aged 60 and above both in the developed and developing countries grew at the same rate during 1950–75. However, in the following years, the trend went in a different direction with the number of older persons in developed countries growing at a slower rate, and set to continue to slow down in the next several decades. In contrast, the growth rate of this group in developing countries has been increasing and will continue to accelerate until 2025. This growth in the number of older persons will only start to slow down from 2025. Furthermore, there are differences in the pace of population ageing between East Asia and Southeast Asia. During 1950–2000, the number of older persons in both regions grew at the same rate, but this

rate will accelerate and be faster in Southeast Asia than in East Asia during 2000–25. However, the rate of growth of this number is expected to go down in both regions during 2025–50, but with the number of older persons in the former region continuing to grow faster than in the latter.

The percentage of population aged 60 and above in the region during the second half of the twentieth century had increased very slowly, from about 6.0 per cent in 1950 to 7.5 per cent in 2000 (United Nations 2007). Furthermore, the United Nation's projection of the medium variants shows that the percentage will increase and be even higher in the first half of the twenty-first century. This percentage will nearly double in 2025 and increase to 23.7 per cent in 2050.

Meanwhile, the percentage of the population aged 65 and above is projected to increase from around 5.0 per cent in 2000 to 9.1 per cent in 2025 and 17.6 per cent in 2050. Considering uncertainty in all three demographic components, Lutz et al. in Chapter 2 highlight that the relative number of older persons aged 65 and above to the total population in Southeast Asia is projected to rise rapidly from 5.0 per cent in 2000 to about 15.0 per cent in 2050 with a greater uncertainty towards the end of the first half of the twenty-first century, when the percentage will probably range from about 12.0 per cent to 23.0 per cent.

However, the stage and speed of demographic transition in the various countries of Southeast Asia are not the same, and, therefore, the issues resulting from the transition also vary from one country to another. Singapore concluded its demographic transition, indicated by the achievement of replacement fertility,[4] in 1975; Thailand, in the early 1990s; Indonesia, Vietnam, and Myanmar, in the mid-2000s. Malaysia and the Philippines are behind and are expected to finish their demographic transition after 2015, while Laos and Cambodia will experience it much later — after 2025 (United Nations 2007*a*). In general, countries that have finished their demographic transition are more likely to have a labour shortage, while those that are still in the process of completing the demographic transition may still have relatively large numbers of working age people. Rising international labour migration may then follow.

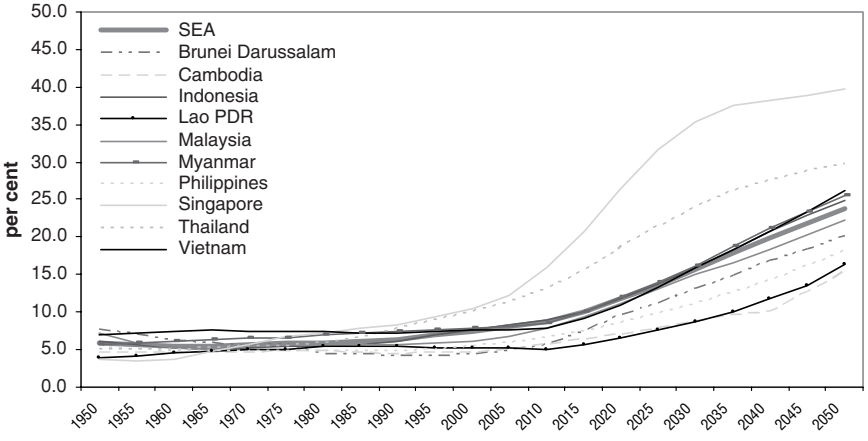
There are many ways to classify the stage of population ageing in a country. One of them, utilized by Arifin and Ananta in Chapter 7, is to determine the percentage of older persons (population aged 60 years and over) in the total population. They classify a population into four groups.

The first is the very young, the percentage of which is below 6.0 per cent. The second is the youthful population, who accounts for between 6.0 per cent and 8.0 per cent. The third is the transitional population, who makes up between 8.00 per cent and 12.0 per cent. The last is the old population, with the percentage of above 12.0 per cent.

Singapore's population is an extreme case in Southeast Asia. It is the richest country in the region, with a per capita Gross Domestic Product (GDP) of US$26,997 in 2005; and it has the highest percentage of older persons. It is the only Southeast Asian country with an old population. As seen in Figure 1.1, Singapore will remain the oldest population in Southeast Asia in the next several decades. Singapore experienced a very drastic fertility transition. Within a decade, its total fertility rate (TFR) declined from as high as 4.6 in 1965 to replacement level fertility in 1975. Japan took about a century to complete the fertility transition in around the 1960s.

After the unprecedented decade of the fast decline in fertility, the TFR of Singapore has continued to proceed downwards. The overall figures reveal a steady declining trend with a slight fluctuation reflecting the influence of the Tiger and Dragon Years in the Chinese calendar and also the impact of changes in population policies. The TFR touched a level as low as 1.3 in 2003[5] and declined still further to 1.26 in 2007.[6] Lutz et al. in

FIGURE 1.1
Percentage of Older Persons Aged 60 and Over in Southeast Asia: 1950–2050



Source: Compiled from United Nations (2007*a*).

Chapter 2 project that the proportion of the population aged 65 and above in Singapore will range between 15.0 per cent and 17.0 per cent in 2020 and increase to between 25.0 per cent and nearly 30.0 per cent in 2050 with 95 per cent of confident interval. As in many countries, older persons in Singapore are also ageing, as indicated by the relatively high number of the population who are already 80 years old. The proportion of the oldest older persons (aged 80 and over) is projected to increase even faster for the same period. They argue that this trend may pose major challenges to the government in planning care services for older persons.

This very rapid transition may have made Singaporeans unprepared for the changing age structure and its various social, political, and economic implications. A survey conducted in 2006 revealed that about 42.0 per cent of Singaporeans had not started saving for their retirement, although about 64.0 per cent already believed that individuals ought to be responsible for financing their own old age.[7] However, the government of Singapore has been very serious in managing ageing issues. The Prime Minister of Singapore, Lee Hsien Loong, raised the issue as one of the most important topics in his National Day Rally speech on 19 August 2007. He made a special effort to elaborate on the financial implications of the ageing population and how Singaporeans should cope with longevity. Among other things, staying employed and living active lives are two points emphasized. The government will pass a Re-Employment Act that will take effect in 2012, which will require employers to offer re-employment to workers in retirement age, which is currently 62. In 2012, the employers have to offer re-employment to those up to 65 years old.[8]

Thailand has the second oldest population in Southeast Asia. The percentage of older persons grew at an exceptional rate, especially between 1980 and 2000. The size and percentage increased from 1.26 million (or 4.6 per cent of the total population) in 1960 to 5.7 million (9.5 per cent) in 2000, and 6.7 million (10.5 per cent) in 2005. In terms of percentage of older persons, Thailand in 2005 was only five years behind Singapore. Thailand already has a transitional population. At the same time, Thailand's per capita GDP was only 10 per cent of Singapore's GDP, indicating that Thailand's older persons may face a harder situation than their counterparts in Singapore.

Cambodia, which shares a border with Thailand and has the similar popular religion of Buddhism, differs widely with respect to ageing issues. Fertility in Cambodia has remained high, with a total fertility rate of 3.6 at the beginning of 2000s and its population is still considered very young,

with older persons accounting for only 4.6 per cent in 2000 (United Nations 2007*a*). The Lao PDR, surrounded by Cambodia, Thailand, Myanmar, Vietnam, and China, is also still a very young population. As seen in Figure 1.1, Lao PDR and Cambodia will remain the youngest population in the region in 2050.

Indonesia is another extreme in the region, with the largest absolute number of older persons. There were nearly 16 million in 2005, but as they formed only 7.3 per cent of the total population, Indonesia was still put in the category of having a youthful population. Indonesia's per capita GDP was only 5 per cent that of Singapore, but the number of older persons in Indonesia was about 35 times that of Singapore. Therefore, the most crucial ageing issue in Indonesia is the large absolute number of older persons, and the fact that they live in a relatively low-income country with very limited old-age income security.

Vietnam is the second most populous country in Southeast Asia. It has experienced a faster fertility decline than Indonesia, with its TFR of about 6.0 in the 1960s falling to 2.3 by the 2000. Not surprisingly, it already had a transitional population in 1999. There were about 6.2 million older persons, comprising 8.12 per cent of the total population.[9] Like in Indonesia, the issues in Vietnam is the relatively large absolute number and high percentage of older persons living in a country with low per capita income. Apart from Vietnam, among the CMLV countries, Myanmar also seems to experience rapid ageing population.

The Philippines is similar to Indonesia and Vietnam. As described by Cruz and Laguna in Chapter 12, the percentage of older persons is low, but the absolute number is relatively large. There were 4.6 million older persons, constituting 6.0 per cent of the total population in 2000. The Philippines is not a rich country either.

However, the Philippines is also unique. Gultiano and Agustin in Chapter 8 mention that the relatively slower fertility decline in the Philippines may be seen as a blessing. The Philippines still has ample time to prepare for the explosion of population of older persons. If the Philippines can provide the growing working age population with better human capital and job opportunities, it will reap a large benefit from the slower change in age structure. The relatively slow decline in fertility has resulted in a relatively low percentage of older persons, at 6.1 per cent in 2005.

Yet, they also argue that at present the Philippines is still preoccupied with issues related to high fertility and fast population growth. They wonder whether the Philippines will ever reach the demographic window

of opportunity arising from a favourable age structure of the population, where the total dependency ratios are relatively low. Therefore, they suggest that any examination and policies on ageing in the Philippines should be seen in the context of high fertility and fast population growth.

The second richest country among Southeast Asian countries is Brunei Darussalam, with a 2005 per capita income just a little below that of Singapore. As examined by Arifin and Ananta in Chapter 7, the fertility rate has been declining in this country, but the transition has been relatively late compared with Indonesia, Thailand, and particularly Singapore. The low estimate suggests that Brunei Darussalam just reached below replacement level in 2001. The high estimate still put its TFR as high as 2.6 in 2001. At the same time, this country has received a very large influx of migrants, which formed 26.6 per cent of the population in 2001. The combination of these two factors has resulted in a very young population in Brunei Darussalam. There were only 13,600 of the population aged 60 years and above and forming 4.9 per cent of the total population in 2001. It is not surprising that, as pointed out by Cleary and Maricar (2000), ageing was not seen as an important issue in this country.

In summary, population ageing in Southeast Asian countries is taking place at different speed and pace as well as in different economic contexts. As Mujahid (2006) concluded, even when the percentage of older persons to the total population is low, complacency towards the issue of population ageing cannot be justified. Thus, population ageing in Southeast Asia has raised many fundamental questions such as: How do older persons remain independent and economically active in order to reduce the burden on the younger population? How will the government change the financing of health care services and social security systems? Will the rapid increase in the proportion and number of older persons bankrupt health care services and social security systems, and how will political factors influence policies on financing older persons? The following sections summarize the issues of financing the older population in several ASEAN member nations and other related issues discussed throughout the book with some references from previous studies to confirm, enrich, or even oppose the findings or proposed ideas.

Old-Age Income Security

Older persons usually experience a decline in living standards. Difficulties in finding appropriate jobs and worsening health conditions often make

older persons very vulnerable to poverty. The severity, however, varies from one social, economic, and political condition to another as well as from one coping mechanism to another. Older persons in developed countries are relatively lucky because they can depend on their pension. They no longer have to work for their survival. In contrast, most of the older persons in developing countries have to depend on sources of income other than a pension system. Therefore, as observed by the United Nations (2007), the demographic transitions have created a tremendous challenge to creating sustainable pension systems or other systems providing economic security for the rising number of older persons in both developed and developing countries.

Reisman in Chapter 3 argues that older persons pose a large financial burden on society to care for their health, which involves covering both direct and indirect costs of illnesses. For example, he points out how the cost of the drug to contain Alzheimer's disease can come up to approximately S$3,000 per year, and this treatment must be continued for the rest of the patient's life. Thus, having many persons with Alzheimer living on for decades can be a heavy financial burden. He also highlights how the suicide rate among older persons is twice the national figure, and that functional disability is on the rise, brought about by falls, other illnesses, and dementia. Moreover, as projected by Lutz et al. in Chapter 2, the proportion of the population above 80 years of age in Singapore will increase almost certainly to 9.0 to 10.0 per cent in 2050. Quoting Lim, Ow, and Tan (2005), Reisman mentioned that a 1 per cent increase in the percentage of older persons would result in a 11.5 per cent increase in the short-run national health expenditure, and a 16.1 per cent increase in the long-run national health expenditure.

Furthermore, Koh in Chapter 4 concludes that rising expenditure for the health care of older persons in Singapore will be increasingly allocated to long-term severe disability care, particularly after a disabling event, such as a stroke. In developed countries such as the United States, with rising life expectancy, expenditure on long-term severe disability care is more likely to be higher than for acute care. Therefore, LTCDI (long-term care severe disability insurance) has been considered a practical solution to the issue of escalating health care costs due to ageing populations.

Singapore is one of the few countries which has implemented such a scheme. It launched its national elderly LTCDI scheme called ElderShield in 2002 to protect its citizens against severe disability. It is not a social

insurance scheme, but an actuarial insurance scheme in which citizens are automatically enrolled at the age of 40 unless they choose to opt out. The monthly premiums are deducted from their Medisave account, one of the Central Provident Fund (CPF) accounts, until they reach 65 years of age. This insurance will start paying out after 2020.

Koh further argues that a national LTCDI should have a social perspective to alleviate the individual and national burden of cost of care for the poor and disadvantaged. The government must ensure that private insurance companies do not make an excessive profit from disabled older persons. The role of the Singapore government in ElderShield is only in policy formulation and the regulation of private service providers as implementing bodies.

In general, the escalating expenditure on health care and services is due to two things: the number of older persons keeps rising and the expenditure per older person also continues to get higher because of inflation, the complexity of diseases, and technological advances. Reisman in Chapter 3 mentions the shift in principal causes of death from infective and parasitic diseases to chronic diseases which bring a financial challenge. Chronic diseases are more expensive to treat and require capital-intensive diagnosis, protracted therapy, and long-term support once the patient has been sent home. Rahardjo et al. in Chapter 10 call it a "geriatric wave" — the increasingly large number of older persons with a rising need for geriatric care. Concurrently, the percentage of young persons — who are expected to support older persons — is shrinking.

Therefore, one of the clear implications of the rising percentage and number of older persons is to increase financial support for them. In this section, we focus on the availability of old-age income security. Currently, there is no agreed way to provide old-age income security. All countries, both developed and developing, are searching for the best model for providing old-age income security. The industrialized countries of North America, Western Europe, Australia, and Japan, which have experienced rising numbers and percentages of older persons, use the PAYG (Pay As You Go) system. The working population pays tax to the government, and the government pays benefits to retirees. The money received by the retirees is not what they saved when they were working.

However, this system has been suffering because of the rising percentage of older persons. This means that the working age population has to support an increasing number of older persons, who live increasingly

longer. Hence, we have the term "old age dependency ratio". An old-dependency ratio of 0.5, for example, means that two persons in the labour force have to support one older person. However, if the ratio rises to 1.0, then one older person will only be supported by one person in the labour force, raising the social cost of the working population.

Compared with the United States and Western European countries, Japan spends less on welfare for older persons. Because of the long-run decline in fertility, the number of people in the labour force has also been declining. Yet, they are the ones who are contributing to the National Pension Scheme. Concurrently, the number of older persons (retirees) who receive the pension payment has kept increasing. The labour force, therefore, has to work harder to be able to maintain the per capita pension payment for older persons.

In other words, as explained by Ko, Oh, and Ogawa (2007), without any reform to the system, the younger generation will continue shouldering the rising cost of maintaining the per capita pension payment. Not surprisingly, because of the difficulty in financing older persons, relative to the OECD (Organisation for Economic Co-operation and Development) countries, Japan has the highest older person labour force participation rates. The older population has to work to support themselves in their old age.

Furthermore, Ko, Oh, and Ogawa show that the government of Japan has considered raising the retirement age from 60 to 65 and postponing the pensionable age. The main motivation behind the policy is to keep older people working and being independent as long as they can, rather than relying mainly on their pension payment.

Singapore is not a welfare state and it does not use the PAYG system. It uses the so-called "East Asian Welfare Model", an alternative to the PAYG system.[10] Under this system, the government does not have to pay for the pension of older persons. Older persons are financed by their own savings accrued when they were working. The savings set aside are invested by the government, and paid back to the individuals when they are old. Singapore uses this system by implementing the CPF scheme introduced by the British in 1955. As described in Teo et al. (2006), joining the scheme means that retired older persons will have at least S$297 a month.

Chew and Chew in Chapter 9 mention that the CPF is an individual and fully funded compulsory savings scheme. It is linked closely with

Singapore's wage system. Both employer and employee contribute a certain percentage of the employee's monthly wages to the employee's CPF account. The money contributed to the CPF is put into three separate accounts. The first is the Ordinary Account (66.7 per cent), which can be used to buy houses and stocks. The second is the Special Account (14.5 per cent), which is designed for retirement. The third is the Medisave Account (18.8 per cent), to pay for hospitalization. They may also use this to buy insurance in the commercial market.

Chew and Chew also argue that the CPF scheme is a long-term social security measure, although it is sometimes used as a macro-economic policy tool. For example, the CPF contribution from employers can be lowered during bad economic times. As a result, during such economically weak periods, social security for workers also declines. They, therefore, argue that the CPF should not be used as a macro-economic tool, but rather for the provision of social security, including for financing retirement.

Furthermore, from a survey conducted in 1999, Teo et al. found that only 4.1 per cent of the resident population in Singapore aged 59–64, and 2.6 per cent of the resident population aged 65 and above depended mainly on pension (CPF) for financial support in their old age. The majority depends mainly on their children — 75.3 per cent of the resident population aged 59–64, and 78.1 per cent of the resident population aged 65 and above.

Apart from Singapore's old age security scheme, there are several other existing schemes that provide old-age income security in Southeast Asia. For instance, Soonthorndhada in Chapter 5 describes several ways of providing old-age income security in Thailand. The first is the social security system for all employees in private enterprises with defined benefits, and a guaranteed, agreed formula for receiving the pension. This is a PAYG scheme. Employees will start receiving their pension in 2014. This system may face similar problems as other PAYG schemes, as the number and percentage of older persons in Thailand keep rising.

The second is the Government Pension Fund (GPF) for government officials. This is also a PAYG scheme. It used to be mainly a defined benefits system, where future payout depends on the level of contribution and the return to this contribution. Since 1996, it operates on two systems at the same time, by being a defined contribution plan as well.[11] The third is the Private Sector Provident Funds (PVF). This is a voluntary, defined contribution pension system for business employees, permanent

government employees, and private school employees/teachers. The fund is managed by a committee comprising representatives from both employees and employers. The fourth is a Retirement Mutual Fund for those who are not classified under PVF or those who choose to make additional savings for their old age. Since 2001 the government has also launched an old age pension for the poor, by giving them a monthly allowance.

In Vietnam, as explained by Giang and Pfau in Chapter 6, a social pension scheme for older persons was implemented in 2004 although the scheme is still limited in terms of coverage and alleviation of poverty for older persons. Protection for the poor is examined by Giang and Pfau in the case of Vietnam, where the majority of older persons still live in rural, isolated, and disadvantaged areas. Only a very tiny percentage of older persons live with public pension. Most of the older persons in Vietnam have to support themselves and/or be supported by their family members.

Giang and Pfau explore the potential of a universal Non-Contributory Pension System as a means to reduce poverty among older persons. In general, this scheme is financed by tax and/or other government revenues, and is aimed mainly at the vulnerable groups. It provides a flat benefit, which in turn alleviates the poverty of both the recipients and non-recipients of the benefit. They argue that this system is financially feasible as it costs only 1.0 or 2.0 per cent of the GDP to provide a benefit of between 20.0 per cent and 50.0 per cent of per capita national income to those 55 years old and above.

Such a universal non-contributory pension system has been implemented in Brunei Darussalam, a country with no income tax or social security charge. This system covers both its citizens and permanent residents, as well as those who were born, and have lived, in Brunei Darussalam for at least fifteen years. In addition to this pension, some older persons also receive occupational entitlement, a contributory pension scheme. Its enormous wealth has also enabled the country to create large economic and social benefits for its citizens, including free education and health care (Cleary and Maricar 2000).

Finally, Sarawak, as examined by Ling in Chapter 13, is an example of the absence of old-age income security and other social safety nets in poor economies. This absence can severely affect the quality of life of the already poor older persons. She finds that rural older persons who used to work as farmers suffer the most from the absence of old-age income security. Farming involves a lot of physical activities, but many are no

longer able to farm when they become old. Furthermore, they do not have any savings. What is more, some of them even have to support a few of their younger children or grandchildren who are still in school. The need for a financial support scheme is urgently needed for older persons who are in lower income groups.

Employment and Other Sources of Financial Support

Is working desirable or deplorable? Do people work because they want to earn money and use the money for their happiness? Or, do they work because they derive happiness from the work itself? This question can be asked to persons of all ages. It is also relevant to ask older persons this question. When and why are they working? Is it good or bad? Are they happy when they work? Are they forced to work? Are people entitled to retire or should people work for money as long as they can?

This book does not pretend to answer this philosophical question. However, it recognizes that with the absence of, or inadequate old-age income security, for the whole population, and particularly, older persons, working has become one of the most likely ways for older persons to finance themselves. Therefore, working after the official retirement age is an attractive solution to helping finance older persons. It is not surprising that labour force participation rate is usually very high in developing countries and in those developed countries with a relatively small provision for old-age income security. Nevertheless, as people become old, especially after passing the official retirement age, they may face increasing difficulties in the labour market — the rigidity of labour market, their out-of-date skills, deteriorating health, discrimination against older persons and norms on working older persons.

In many low-income countries, "not working" during the golden years is a luxury. The poor must work because nobody can help them. ILO (2007) mentioned that most of the poor work long and hard hours, and yet do not earn enough to take themselves out of poverty. Decent and productive employment is very crucial in taking them out of poverty. Nevertheless, ILO has not addressed the issue of poverty among older persons and older workers. But, with the lack or absence of social protection systems, social safety nets, and old-age income security, it is very important to pay serious consideration to the working poor among older persons.

An illustration given by Soonthorndhada in Chapter 3 shows how Thai people do not have adequate savings for their retirement. Therefore,

working remains an important source of financial support for older persons. The percentage of working older persons even increased from 30.3 per cent in 2001 to 37.1 per cent in 2005. Most of them work in agricultural or informal sectors. In Indonesia, as discussed by Rahardjo et al. in Chapter 10, savings and insurance do not play important roles in financing older persons. The history of high inflation may partly explain why people are not interested in savings and insurance to finance their old age. Furthermore, only very few older persons depended mainly on their pension in 2005 with the majority relying mainly on contributions from the children/children-in-law.

Though employment is very crucial for poor older persons, the participation of older persons in employment may decline with age. In Chapter 7, Arifin and Ananta examine labour force participation rates among older persons in 2000–01 through case studies conducted at national and subnational levels of three provinces in Indonesia (West Sumatra, East Java, and Jakarta), four states in Malaysia (Penang, Trengganu, Kuala Lumpur, and Johor), three provinces in Thailand (Sing Buri, Chaiyaphum, and Phuket), Singapore, and Brunei. They find that there was no relationship between percentage of older persons and labour force participation rate among its older persons. An economy can have a high percentage of older persons, and yet the labour force participation rate among its older population can either be high or low.

Arifin and Ananta also examine employment patterns of older persons. They find that older persons in Southeast Asia, like their counterparts in industrialized countries, tended to work in more flexible jobs, involving less physical activity. Older persons are also more likely to work as self-employed workers, although the local labour market conditions had much influence on the specific occupation they took. In the employee-based employment of an urbanized economy, older persons were more likely to work as employees. Older persons in less urbanized economies were more likely to work as skilled agricultural and fishery workers, while older persons living in more urbanized economies were more likely to work in elementary occupations. In economies heavily or partly dependent on agriculture, older persons were also likely to work in agriculture. In service-based employment with some agricultural sector, older persons are more likely to work in the service sector.

Gender differences in labour market participation of older persons also existed. Women were more likely to have lower participation in the

labour market in all the case studies of Arifin and Ananta. Gultiano and Agustin in Chapter 8 specifically discuss older childbearing women with lower economic status in Cebu, the Philippines, in the context of their work behaviour, income, and expenditure. They employ a longitudinal data set within two decades (1983 to 2005). The study provides comparisons of elderly (60–69) and near-elderly women (50–59) with the middle-aged (35–49). They conclude that there are significant cohort and period effects that cannot be ignored and must be accounted for especially when planning for the future of the elderly. A low level of education and the lack of employment experience when these women were young might result in more problems for them in finding suitable jobs which can help support their financial needs. In Sarawak, as discussed by Ling in Chapter 13, older women became very financially vulnerable when their spouses passed away, particularly because of the longer life expectancy among women.

Older persons in a rich country also have to work. Chew and Chew in Chapter 9 show that people in Singapore have to be self-reliant in everything, including the provision of social security (such as home ownership, financing for old age, and access to health care). Everybody has to work as long as they can. They work, they save. Indeed, about 90.0 per cent of Singapore's households is self-reliant. Those who are poor (earning less than S$1,000 a month or unemployed) must find other means to finance everything they need in life, including for old age or retirement.

Chew and Chew highlight the issues of the employability approach to financing old age in Singapore. They find that many CPF members do not have sufficient amounts of CPF savings because most Singaporeans do not earn a high wage — about 65.0 per cent of CPF members earn less than S$3,000 per month. This means that the families have to be dual-income families in order to maintain a sufficiently acceptable standard of living.

They also explain that in 2006, the government introduced a workfare scheme. Those who earn less than S$800 a month can get $100 from the government. The worker gets $29 in cash and the balance in his CPF account. The unemployed or those who earn less than $1,500 a month can also ask for assistance from various government agencies and social organizations. The government also trains workers to enhance their earning capacity, and hence increase their social security.

In addition to lifelong employment and the financing of primary needs from the CPF, the government of Singapore also encourages mutual support

from family members. The CPF has been and will be the main formal pillar for old age income security, but employment has also been a means for older persons to stay healthy and integrated, and not simply be a means to earn income. An example of a family support policy is the parent (and grandparent) relief, given to taxpayers who take care of their parents and grandparents who live in Singapore (Yap 2008).

Soonthorndhada in Chapter 5 (Thailand), Giang and Pfau in Chapter 6 (Vietnam), Gultiano and Agustin in Chapter 8 (the Philippines), and Rahardjo et al. in Chapter 10 (Indonesia) also show that intergenerational co-residence has been another means of reducing the financial burden of supporting older persons, and reflecting filial responsibility as discussed in the beginning of this chapter. However, this pattern has been shrinking, as the family size becomes smaller, people become more mobile, and lifestyles change. For example, the percentage of older persons living with their children/children-in-law in Thailand decreased from 74.0 per cent in 2004 to 66.0 per cent in 2002, while the percentage of older persons living alone rose from 3.6 per cent in 1994 to 7.7 per cent in 2005.

The inadequacy of wealth has made the government of the Philippines depend mainly on the family to finance the life of older persons, as Cruz and Laguna show in Chapter 12. Government efforts are focused on providing curative health care services for older persons. The most significant policy is the provision of a 20.0 per cent discount on medicine for older persons, regardless of their socio-economic status. It also provides free medical and health services and exemption from diagnostic and laboratory fees in government health centres. Yet, this effort is too small compared with the growing needs of older persons. For example, the grant of a 20.0 per cent discount is only applicable to those who can afford to pay — those who canot pay at all do not benefit from this policy.

Though working can be a very important source of financial support for older persons, Ling in Chapter 13 shows a different picture of the financial support for older persons in Sarawak, Malaysia. The majority relies mainly on employment, but they only formed 36.5 per cent of the total number of respondents. The very big majority, more than half (54.0 per cent), depended mainly from rent, interest, pensions, or gratuities. In Cebu, Gultiano and Agustin show the growing importance of sources of income other than earnings. Remittances from children who work abroad have been an increasingly important source of income as women become older. In Indonesia, described by Rahardjo et al., the monthly earnings of

older workers was still below the average minimum wage in the labour market in general. Moreover, the minimum wage was set up to be below the amount needed for a decent standard of living.

Active Ageing

Another, and a more important, way to finance older persons is to reduce the expenditure needed by them through active ageing. By being active, they should become healthier and happier. Nevertheless, active ageing should not be seen simply as a means to reduce expenditure, but rather as one of the important goals of development in itself.

As cited from WHO (2002) in Rahardjo et al. in Chapter 10, WHO introduced the word "active ageing" in the late 1990s. It means more than healthy ageing. It is the process of enhancing the quality of life of older persons by optimizing the opportunities for their health, participation, and self-fulfilment. The main goal of a policy of active ageing is to create autonomy and independence for older persons by recognizing the importance of interdependence and intergenerational solidarity. The policy is applied to all older persons, including those who are sick, disabled, or retirees, so they can contribute to their families, friends, communities, and nations. Active ageing can reduce the expenditure needed to care for the health of older persons. It reduces the amount of financial support needed by older persons. Active ageing is, therefore, very important in poor economies.

Rahardjo et al. show that Indonesia is an example of a country that becomes old before becoming rich, where a financial scheme for caring for the elderly has not been adequately put in place, and where decent job opportunities for older persons are still limited. Therefore, financing older persons has become a very expensive programme. In this context, active ageing has been the most important ageing-related policy in Indonesia. From their study of two villages in Indonesia, they concluded that participation in social activities might have contributed to the improvement of the health of older persons and, therefore, reduced health expenditure on them. They also showed that in Indonesia as a whole, older persons have been more active socially. Active ageing should, therefore, be one of the objectives of economic development and a means of reducing the expenditure needed to care for the health of older persons.

The need for active ageing is also seen in rich economies. For example, the government of Singapore has emphasized strongly the need for active ageing. A symposium on positive ageing, with the special theme "Golden Years, Glorious Years", was jointly conducted by the National University of Singapore Society (NUSS) Senior Circle and the University Women's Association (Singapore) on 17 March 2007 in Singapore. Also, the Council for Third Age, established in May 2007 as an independent body, promotes active ageing that will help older persons enjoy a better quality of life in six dimensions of wellness: social, intellectual, physical, vocational, emotional, and spiritual. As a means of promoting active ageing, the government of Singapore has also made special efforts to make the environment of subsidized HDB homes old-persons friendly.[12]

However, remaining active at an old age also means leading active lives since young. The mainly more educated younger generation is expected to be healthier and happier when they reach their golden years. They are more likely to be older persons with better financial support. A case study using longitudinal data on older childbearing women of lower economic status in Cebu in the Philippines, discussed by Gultiano and Agustin in Chapter 8, shows rising income in all cohorts of the sample. Though the largest increase was observed among the youngest one, older cohort also experienced rising income. They conclude that future older women will be better off economically than current older women.

One implication is that programmes for financing older persons should start with those aimed at younger generations. They argue that investment on women's productivity in areas such as education, health, reproductive behaviour, job choices, and opportunities — when they are still young — will produce benefits for the women both when they are still young and when they become old. By being more educated, healthier, and better able to earn a living, older persons will become increasingly more self-reliant. This will reduce the cost of taking care of them and increase their income.

A similar policy implication is suggested by Lutz et al. in Chapter 2. From a survey in 2006, they find rising disability rates in South Korea, Malaysia, Singapore, and the Philippines. However, they also argue that better education is associated with a lower disability rate. To prove their point, they produce scenarios of future disability rates using different educational attainment levels among older persons. These show significantly lower disability rates among better educated older persons, which will in turn lead to smaller health expenditure and a better quality

of life for the older persons. In other words, raising the educational level of the young generation will significantly lower the disability of future older persons and, therefore, reduce future health expenditure, as well as improve the health of future older persons.

Finally, as more older persons have to work, occupational safety and health of older workers must also receive a serious attention. International Labour Organization (ILO) (2007) reported that occupational accidents and diseases had reduced both the quality of life of workers, and the profitability of enterprises in Southeast Asia — and were, therefore, harming the welfare of whole societies. Those who suffered most were the ones who were the poorest, least protected, least informed, and least trained. They included women, children, disabled workers, migrant workers, and ethnic minorities. However, ILO did not include older workers as part of this vulnerable group. Yet, older workers are more exposed to possible occupational safety and diseases. Old workers who are employed as cleaners, for example, may be more vulnerable to virus and other diseases related to waste. As ageing becomes an increasingly important issue in Southeast Asia, it is crucial to include older workers when considering occupational safety and health in the labour market.

Ageing, Migration, and Economic Development

Population ageing is generally believed to be the result of a continuous decline in fertility and mortality rates, with fertility as the primary cause, and mortality the secondary one. However, declines in both fertility and mortality rates are not necessarily the only determinants of population ageing. Migration, either in- or out-migration, can be another important factor in determining the pace and speed of population ageing, particularly in small countries and subnational regions of large countries. Therefore, relationships among the three variables (migration, ageing, and development) have attracted research in this area, as shown in the work of Skeldon 1999; Stloukal 2001; Kreager 2006; Ananta and Arifin 2007, for example.

The relevance of relating ageing to migration can also be seen from the increasing mobility of populations within Southeast Asia, and from/to Southeast Asia. Some countries are important net-sending migrant countries (the Philippines, Indonesia, Thailand, Vietnam, Cambodia, and Myanmar), while some others are important net-receiving migrant countries

(Singapore, Malaysia, and Brunei Darussalam). Internal migration, particularly rural to urban migration, has also been prominent within almost all countries in Southeast Asia.

From the study by Arifin and Ananta in Chapter 7, we see three models on the impact of migration on ageing process. The first model is the slowed ageing process in rich economies. These have relatively high percentages of older persons, of above 8.0 per cent. In this model, fertility and mortality rates have been low for a relatively long time and the percentage of older persons has been rising rapidly. However, the large inflow of migration has slowed down the process of population ageing, resulting in the delay of the transformation into old populations.

The second model is the accelerated ageing process in poor rural economies. Fertility and mortality rates have been relatively low, but have not been low over a long period. The large out-migration then accelerates the rising percentage of older persons. The third model is the deferred ageing process in relatively rich economies. Fertility and mortality rates have been low, but again not over a long period. This is similar to the second model. However, unlike in the second model, a large inflow of migrants has kept the population very young, with the percentage of older persons below 6.0 per cent. In-migration has deferred the ageing process in these economies. In general, each model shows challenges in many areas such as social security issues, labour market, and development paradigms.

Slowed Ageing Process in Rich Economies

In this model, in-migration has functioned to fill in the shortage of labour in a rich economy with persistently low fertility and mortality rates. Migration, including international migration, can be instrumental in addressing the shortage of working-age population, and the problem of population ageing in the short to medium terms. Although in-migration may help maintain the size of population in a relatively rich and old population, it may also produce social and political tensions because of the cultural differences between migrants and locals.

This model is particularly true for a city-state such as Singapore. Reisman in Chapter 3 shows how in-migration has been used as a means to reduce labour shortage because of the ageing population in Singapore. The resident population was growing at 1.8 per cent. Among the resident

population, Singapore citizens were multiplying at a rate of only 0.9 per cent per annum. As a result, the share of Singaporeans in the total population stock declined from 86.0 per cent in 1990 to 67.2 per cent in 2007. However, the non-resident population was growing much faster, at 14.9 per cent.

The large inflow of migrants to Singapore may have much reduced population ageing in Singapore. Arifin and Ananta in Chapter 7 show that by also considering the non-resident population, who formed 21.9 per cent of the total population in Singapore in 2007, the percentage of older persons in the total population of Singapore was 9.6 per cent. However, if the calculation of the percentage of older persons is based only the resident population, comprising citizens and permanent residents only, the percentage of older persons rose higher to 12.3 per cent. This clearly illustrates the impact of in-migration on slowing down rapid population ageing.

Nevertheless, migrants also bring social issues. Reisman argues that the local population is not particularly happy with the rising influx of foreign workers, especially low-skilled workers. Locals are concerned with issues such as road congestion, overcrowding, competition for jobs, upward pressure on housing, downward pressure on wages, and social tension. On the other hand, he is also wondering whether Singapore is draining the best workers, such as doctors, nurses, and other skilled workers, from poorer countries into Singapore. Yet, this is a global issue faced by many countries in the world.

It is worth mentioning here that, as Mehta describes in Chapter 11, Singapore is mostly a migrant society. The Malays are seen as the original settlers, while the Chinese, Indians and other ethnic groups are viewed as migrants. Nevertheless, over time, these migrants have settled into, and made Singapore their "home". Therefore, a large proportion of Singaporean older persons consists of immigrants who arrived in Singapore in the early part of the twentieth century.

Mehta discusses issues related to the first generation of minority immigrants, especially the Gujaratis from North-West India, who have lived, settled and grown old in this country. In terms of religious affiliation, they may be Hindus, Muslims, or Jains. In her study, Mehta focuses on the Hindu and Muslim Gujaratis. She finds that the living arrangement of some families of the Gujaratis is multigenerational although the trend is declining. She also finds that loneliness is the most important issue faced

by old first-generation migrants. They miss their country of origin when they become old. They want to return to India, to focus on a religious life. However, they have invested heavily in their children who are educated and have roots in Singapore. Additionally, they suffer from language barrier as they do not speak English.

Mehta also concludes that this finding is similar to the one about older Chinese in Singapore who speak Hokkien or Cantonese, but do not speak English or Mandarin. The Chinese have difficulty in communicating with younger generation Chinese who speak only Mandarin and/or English. The generation gap between the first and second generations is also manifested in the way they nurture and bring up children. The second generation, in the opinion of first generation migrants, overdoes the delegation of this task to foreign maids, as opposed to most members of their generation who raised their children themselves.

A similar case among migrant urban older persons is shown by Ling in Chapter 13. She highlights how older persons in urban areas in Sarawak, Malaysia, feel they are trapped in urban homes, which are not their homes. They want to return to the rural villages, which they have known almost all their life, but they cannot afford to do this. However, she also finds that migrant urban older persons with better financial resources are able to enjoy the benefits of urbanization such as modern amenities and infrastructure.

Accelerated Ageing Process in Poor Economies

Poverty in rural areas pushes migration to urban areas. The migration comprises mainly young adult persons who leave older persons and children behind. This rural to urban migration can accelerate rural population ageing. It may further accelerate the ageing process if the outflow of reproductive-age women is also significant. Rural fertility rates may decline faster in that case. Meanwhile, ageing in poorer economies may be further accelerated by the influx of the migrants who have retired from the urban workforce. In this case, rural ageing population does not play an important role in attracting migrants to develop their economies.

Rural areas in South Korea are of this model. They have a very high rate of out-migration from rural to urban and industrial areas, accelerating the population ageing process in rural areas. As a result, most of the population in rural areas comprises older and handicapped

persons, living with their spouses or alone. Co-residence with adult children is more likely in urban than in rural areas. This phenomenon has created a tremendous challenge to raising the welfare of older persons (Sung 2005).

Furthermore, the accelerated population ageing process can result in much worse welfare for older persons in poor economies. The older persons in the low-income regency of Pacitan, East Java in Indonesia, are an example. Pacitan is well known for the out-migration of its working-age population to urban areas. The percentage of older persons in this regency was already as high as 14.2 per cent in 2005, double the national figure, while its per capita income was only about one-third of the national figure. Meanwhile, in terms of living arrangements, 42.8 per cent of older persons in Pacitan do not live with their children. This is higher than the figure for those who live in urban areas such as Surabaya, the capital of the province of East Java, Indonesia (Arifin 2006).

Ling in Chapter 13 also illustrates with a case in Sarawak, Malaysia, particularly of some Iban longhouse communities in Kapit, Kanowit and Sibu. Sarawak has been urbanizing at an unprecedented pace, with the urbanization rate rising rapidly from 16.0 per cent in 1970 to 48.0 per cent in 2000. The mainly young migrants from rural areas have left older persons and children behind in rural areas. Consequently, the rural to urban migration has worsened the ageing problem in Sarawak. Poor older persons in rural areas are more severely hit, especially when they become frail and sick, and require medical services. The situation is aggravated by the geographical landscape of Sarawak, which still has some relatively isolated remote areas due to its poor network of transportation and communication.

Rural to urban migration is a result of unequal development in a country. The relatively late economic transformation of a region within a country may push the productive population out of the region to the more developed regions. Hassan (2004), for example, illustrated a case in Malaysia. The least developed states, such as Kelantan, Trengganu, and Pahang, were still heavily dependent on agriculture and were late in transforming their economies into manufacturing-based ones. As a result, people moved from these areas to the more developed states and the migrants were usually still young, 25–44 years old.

The rural older persons became more vulnerable as they were neither in a pension scheme nor had any Employees Provident Fund. However, the impact of urbanization on the life of older persons was not always bad.

Ling also provides an illustration of how older persons living in village-towns did not really suffer from the out-migration of their adult children because the children were able to return home regularly to visit and give social and financial support to their elderly parents.

It is also true, therefore, that international migration has helped alleviate the poverty of places of origins through remittances of cash. In the case of the Philippines, as Cruz and Laguna indicate in Chapter 12, many international migrants do not come from poor families. They also find that remittances from overseas migration by adult children help older persons, who in addition receive financial assistance from their grandchildren and other family members. Remittances have been linked to the increased well-being of older persons, in terms of meeting their economic and health care needs. This is the case not only for older persons in rural areas, but also those in urban areas. Their study was based on findings of the first nationwide survey, the 1996 Philippines Elderly Survey (PES), which explored the issues of overseas labour migration and the well-being of older persons. In particular, it examined the impact of remittances on the well-being of older persons, including their economic and health conditions, and also, changing social roles, particularly, surrogate parenting.

However, they caution that older persons are generally living in poor socio-economic and health conditions. Older persons have little access to income security and health insurance. Therefore, the financial assistance gained from having children working overseas do not seem adequate to meet their need for health care, although it helps a lot in supporting older persons financially.

Cruz and Laguna also conclude that the feminization of international migration has resulted in older persons actively engaging in the care of family members, in particular, grandchildren, regardless of whether they receive remittances from their children working overseas. Older persons may not simply serve as grandparents, but also take on the role of surrogate parents. The shift from being grandparents to being surrogate parents illustrates the altruistic attitude of older persons towards their children and grandchildren. However, older persons may face heavy challenges when they resume the role of parenting as they are old, and especially, experiencing deteriorating health. As their age advances, they become more dependent on remittances.

Cruz and Laguna recommend that the government find a solution to help support the older persons left behind because of the continuing rise in international out-migration.

Deferred Ageing Process in Rich Economies

In contrast to the second model, the third model is found in relatively rich, urban economies, where the advancement of the economy becomes the dominant magnet for people seeking jobs. Although the fertility and mortality rates have been low, the age structure of the population can still be relatively young. Here, migrants have become the engine of economic development in the destination areas. As in the first pattern, the migrants may also cause social and political jealousy. Consequently, the outflow from rural areas, which has resulted in the rising percentage of older persons in rural areas, may have an opposite impact on the receiving urban areas. These receiving urban areas have deferred the ageing process because of the large inflow of young migrants.

Brunei Darussalam is one clear example of this model. It is a rich economy. As shown by Arifin and Ananta, the fertility rate is already low, but not as low as in Singapore. It has been just under replacement level fertility since the beginning of the 2000s, in contrast to Singapore, which has been below replacement level since 1975. At the same time, Brunei Darussalam has received a large flow of migrants. In 2001, about a quarter of its population comprised temporary residents, and almost 30.0 per cent of the total population was born outside the country. Therefore, Brunei Darussalam still had a very young population, with older persons forming 4.9 per cent of the total population in 2001.

In other words, the large influx of migration has deferred the population ageing process. Not surprisingly, as mentioned earlier in this chapter, ageing is not seen as a national issue in this rich country, which provides generous social safety nets for the population in general, including for older persons. Yet, the ageing process may eventually start as the net in-migration rate has been declining from 4.25 per 1,000 population in 2000, to 2.79 in 2007,[13] and fertility rates continue to decline.

Arifin and Ananta also indicate that Jakarta, the capital of Indonesia, has deferred its ageing process. Its fertility and mortality rates have been relatively low, with replacement level achieved since early 1990s. However, Jakarta has a history of being an economic magnet for other areas in Indonesia. It used to have a large flow of migrants. Therefore, the population was still very young, with the percentage of older persons at only 3.9 per cent in 2000.

Kuala Lumpur, the capital of Malaysia, is similar to Jakarta. It also has a history of a large inflow of migrants and it has also deferred its population

ageing process. It has a very young population, although the percentage of older persons is higher than in Jakarta. However, if both Kuala Lumpur and Jakarta continue the recent trend of negative net migration, the population in both metropolitan cities will soon experience rapid ageing.

Roles of Government and Civil Society

Kreager in Chapter 14 explains the transition from the *laissez-faire* model to welfare state models, after the Great Depression in the 1930s when the states took on an important role for the welfare of the population. Then, realizing that its working population was shrinking while its ranks of retirees were swelling, the government of the United Kingdom in 1982 made another reform. However, with the welfare state system, the government would find great difficulty in maintaining fiscal sustainability. Therefore, it turned to the market system. The insurance industry was supposed to provide social security for all people, including older persons. However, people soon realized that it was too risky for them to depend on market mechanisms for their welfare. Speculative market behaviour may raise uncertainty for the welfare of those who did not have any other financial support in their old age. This speculative behaviour reduced the benefit of the role of private enterprises in providing financial support for older persons. Older persons cannot depend entirely on the private commercial sector to guarantee old-age income security. Private enterprises can help provide older persons with old-age income security, but they are not able to cover the majority of older persons.

A similar experience, but with a very different background, has occurred in Vietnam. Vietnam has seen a drastic shift from the state having full responsibility for the welfare of its people, to the family, private institutions, and civil societies shouldering the great responsibility for their own welfare, including the welfare of older persons. The state has reduced its responsibility through a series of market reforms launched since the 1980s. It remains responsible for the coordination and provision of welfare, but its financial contribution is targeted at the most vulnerable groups of society, such as the destitute, disabled, and those without help from immediate family members (Bui et al. 2000).

Lee and Chan (2007) showed that East Asian countries have taken a different path. They follow the so-called "East Asian welfare model", which does not depend so much on "help" from the state. They believe

that people have to work to survive. The government only helps those who have worked. Family support (a mainly Confucian value) is highly valued and given a very high and important role in creating social harmony and stability. Sustainable social welfare is only attainable with continuous robust economic growth and productivity.

Lee and Chan also argue that the East Asian welfare model, with its emphasis on market mechanism and the family system, has led to the oversight of social inequalities within the countries. During an economic crisis, the hardest hit segment of society are low-skilled workers, new immigrants, ethnic minorities, and older persons. In particular, the existing welfare systems in Japan, South Korea, Taiwan, and Hong Kong have not been an effective means of maintaining a decent life for older persons. However, partly because of robust economic growth in the mid-1990s within the existing political systems, these problems were mostly invisible. Furthermore, there has been an increasing number of cases showing that welfare development in East Asian countries is facing a crisis similar to that in Western countries — low earnings, inability to find jobs, urban poverty, and socio-spatial segregation.

In response to criticisms of both the welfare state (often seen in Western countries) and private commercial market plus family support (often seen in East Asian countries), Kreager indicates the need for a rising role for civil society. This means that social societies may be expected to help finance older persons. He argues that civil society used to be seen as an opposition to government, but this is no longer true. Civil societies can work hand in hand with government and private enterprises. They may fill in what the government, private enterprises, and family fail to provide to the older persons.

However, as mentioned in United Nations (2007), the final responsibility for improving the well-being of older persons must hinge on the government, forging a partnership with private commercial enterprises, families, and civil societies. In particular, the government has the ultimate duty to guarantee, regulate, and monitor the provision of a basic pension.

An example of a partnership between a government and the community can be seen in Singapore, where solutions to ageing issues can be clearly seen in government-subsidized housing estates. An increasing number of older persons has been living in these estates. Therefore, the government has created family and community-based services that include home

nursing service, befriending service, senior citizens' or retirees' club activities, day-care centres, and free or cheap meal service (Vasoo, Ngiam, and Cheung 2000). The family- and community-based services were created because of both financial reason and moral obligation, based on the social norms shared by most members of the Singapore society (Teo et al. 2006).

Kreager also shows that a potential civil society organization that could help are religious organizations, because most members of religious organizations are older persons. As illustration, he points to two Islamic organizations in Indonesia, the Muhammadiyah and Nahdlatul Ulama. He describes in detail how such organizations have been able to contribute to the welfare of older persons. He recommends that such an effort should be continuously supported and promoted.

In Chapter 15, Abikusno describes how the government, private enterprises, and civil societies have tried to work together to address ageing issues in Indonesia by examining changes in older persons related policies. The first policy on ageing made in 1965 was very unusual. It specifically addressed frail older persons when the percentage of frail older persons to the total older population in Indonesia was still very small. This is very interesting because the law was made in an era when ageing was not seen as an issue. The percentage of the population aged 60 and above was only 4.25 per cent. This law, however, was never implemented as there was a change of government in 1966.

He goes on to explain that there were not many policies on ageing from 1966 to 1998. After the 1998 reform on the government, there has been much more work done on ageing issues. Law No. 13/1998 replaced Law No. 4/1965, giving older persons the same rights as younger ones. The coverage of the new law is no longer restricted to older persons who cannot work and do not have sufficient income to live, but also include those who can still work. Another difference is that the government is not the only party responsible for the welfare of older persons. The community and families must bear some responsibility.

He shows that in 2004 the government of Indonesia attempted to answer the continuing debate on whether the government should be responsible for vulnerable groups, including older persons, regardless of the condition of the economy; whether the people themselves should bear the responsibility of financing their own old age; and/or whether other members of the family or the society at large have to support older persons. Law No. 40/2004 provided a comprehensive national social

security system to protect the pension sector. It should be able to cover all citizens, including those in the informal sector, the unemployed, and the poor by 2014. The government pays for this scheme through taxes, paid by employees and employers in the formal sector, with subsidies to the poor. This scheme has two programmes. The first is the old age pension, a defined-benefit social insurance programme. The second is a compulsory old age savings programme, a defined-contribution pension programme.

Nevertheless, he argues that there are still problems with transparency and accountability of the fund's management. Moreover, the relatively high inflation rate in Indonesia has reduced the benefits of savings, including savings for retirement.

He also shows that one of the significant achievements of the government is the development of the National Plan of Action for Older Persons Welfare in 2003. It was followed by the creation of Komnas Lansia (Komite Nasional Lanjut Usia, or National Committee on Older Persons), who is directly responsible to the President of the Republic of Indonesia. Earlier, the government of Lao PDR, which older persons make up 5.3 per cent of its population in 2005, established their National Committee on Older Persons in 2001 and local committees have been set up in sixteen provinces and in Vientiane City (Bounneuang 2007). Meanwhile, the government of Thailand, discussed by Soonthorndhada in Chapter 5, developed the National Long-Term Plan of Action for Older Persons (1986–2001), and the Second National Plan for Older Persons (2002–21). The latter focused on preparation for quality of life, well-being, and social security for older persons.

Komnas Lansia of Indonesia functions to implement the national strategy and advise the President on ageing-related national policies and to produce comprehensive policies on ageing. Currently, the creation of the Komnas Lansia has been followed up by many Komda Lansia (Komisi Daerah Lanjut Usia, or Regional Committee on Older Persons), found in most of the provinces in Indonesia. The establishment of Komda is in line with the regional autonomy programme launched in 2001.

Abikusno also writes that there are at least 438 social organizations working on ageing issues. The ageing movement actually started as early as the mid-1970s with PUSAKA (Pusat Santunan Keluarga, or Centre for Family Assistance). It supports poor older persons by providing meals six days per week and regular health examinations. It is a community-based home care programme.

Another social organization dealing with ageing issues was the Elderly Clubs, initiated by the older persons themselves. Currently, many government agencies disseminated their programmes through this Elderly Clubs. The third form of social organization was "Indonesian Gerontology Society", created mostly by retirees of the civil service and armed forces. It pioneered research in the field of ageing.

Policy Recommendations

Older Persons as an Asset

Population ageing has resulted in increasing economic challenges and has become the foremost contemporary policy debate in most industrialized countries in the world. Kreager in Chapter 14 argues that ageing has become potentially problematic because of the stand-off between the limited capacity of the state and the failure of market solutions. Furthermore, families can only function in small scales. There is also the awareness that independent institutions can play an important role in dealing with ageing issues.

One clear implication from this debate is the need to put ageing issues on the overall development paradigm. We need to transform older persons from being liabilities to being assets through active ageing. As an asset, older persons become a competitive advantage for an economy. More importantly, active ageing itself should be seen as one of the important objectives of development. The next research agenda should quantify and demonstrate the positive impact on society of the growing number and percentage of older persons. We should also involve the mass media to create positive images of older persons and avoid stereotyping them as liabilities and of low status.

Provision of Old-age Income Security

Older persons could fail to become an asset. On the other hand, it is also true that they might finance themselves by using their own accumulated savings and wealth. Their savings and/or wealth can be put in the government's hand, the private financial market, or be kept by themselves. However, putting up savings in the financial market can be an unattractive option in an economy with high inflation. Even in low-inflation economies,

savings may not be sufficiently large to finance older persons who have an increasingly longer life span.

Therefore, financial protection is needed for older persons, whose health have often deteriorated and whose skills are not needed by the market. Our recommendation is to follow those mentioned by the United Nations (2007*b*), using a three-pillar system. The basic philosophy is that a pension system should guarantee old-age income security for everyone and ensure that everyone is above the international poverty line or any other socially acceptable minimum standard. It is not necessarily easy to achieve this goal, but it must be made a minimum target of development.

Therefore, the first pillar is universal coverage with a minimum of benefits, especially for countries with a large informal sector. Though mathematically this scheme is affordable in even very low-income countries, political considerations may make this programme unsuitable. Governments have to allocate the amount of money from other purposes. Yet, even though the sum is small, the government in poor countries may have many other objectives they consider more important than the provision of benefits to poor older persons.

The second pillar is the provision of a basic pension for those working in formal sectors. This pillar should minimally target a wage-replacement level. The last or third pillar is for the more affluent societies to complement public pensions with their own savings. They can do this through a private pension or employer-sponsored scheme, or other forms of asset accumulation.

Some countries have reformed their pension systems by moving from PAYG schemes with defined benefits — where current workers pay current retirees — to a fully funded defined-contribution scheme, where current workers save for their own retirement. Yet, the fully funded, defined-contribution scheme cannot guarantee income security for older persons either. Therefore, the PAYG scheme should be reformed with some adjustments to ensure financial sustainability and provision of basic, minimum income security for all. Solidarity among and between generations should be another important consideration for this reform.

Ways to Create the Asset

The issue of older persons as liabilities arises when a shrinking working-age population has to finance the continuously rising percentage and

number of older persons for a long period. From this perspective, a higher retirement age will reduce the burden since there will be a larger number and percentage of working-age population and, simultaneously, a smaller number and percentage of older persons. Abolishing the retirement age altogether and eliminating age-discriminatory employment policies, including determining salaries according to age, will be much better. So long as a person is willing and able to work, he or she should not be denied the opportunity simply because of his or her chronological age. The remuneration from employment should also be based on productivity, not on chronological age. Raising the retirement age or abolishing the retirement age also implies the need for a flexible labour market.

The need for a flexible labour market is especially important for economies with a very high percentage of workers in the formal sector. In countries with large opportunities for working in informal sectors and/or high contributions from the agricultural sector, older persons can help finance themselves through working in these sectors.

There are two macro policy options for transforming older persons into assets. The first policy is a continuous effort to create friendly public infrastructure and provide housing which particularly benefits the poor and disadvantaged. The second policy is the promotion of active ageing, including the creation of a healthy lifestyle for them from young and environment-friendly development. One of the challenges is to motivate the business sector into becoming interested in both the production of public-friendly infrastructure and the creation of active ageing communities.

Another option is to maintain and nurture community values that respect older persons. Traditionally, people invest in their children and younger relatives so that the children and younger relatives can be their source of support when they are old. In some societies, people still respect older persons and it is a disgrace to have neglected and poor old persons in the community. Norms, traditions, and religious values play an important part.

This is social insurance as opposed to commercial insurance. Social insurance used to be the only insurance that older persons in Southeast Asia had. With modernization and globalization, social and family networks can be revived using modern information technology. This network not only provides a way of increasing financial support for older persons, but can also result in healthier and more active older persons, making them an asset for the economy. Interaction with other persons, and their children and grandchildren, through IT, for example, will make them happy and,

hence, reduce the cost of taking care of them. Consequently, more money will be available for allocation to the population as a whole.

Finally, the issue of older persons should be seen as part of the wider issue of taking care of vulnerable groups of the population: the poor and disadvantaged, whatever their ages. Though older persons happen to be the most likely group to be poor and disadvantaged, most programmes for them also benefit the whole population. Many ageing-related policies also benefit the whole population. For example, a low-inflation economy is good for the poor, the disadvantaged, older persons, and the whole population in general. Friendly public infrastructure benefits the poor, the disadvantaged, older persons, and the public at large. Policies on a healthy lifestyle are aimed at the whole population, not only older persons.

At the same time, there are also programmes which directly benefit older persons only, such as the creation of special lanes for those in wheelchairs. However, the lower cost of taking care of older persons implies that more money can be allocated to the population in general. In other words, even policies aimed specifically at older persons can benefit the whole population.

ASEANizing Ageing Issues

There has been a common phenomenon in many Asian countries that people return to their home villages or small towns when they become older or retire. Cultural ties is one of the reasons. Lower cost of living in villages or small towns is another. It is, therefore, possible that cross-border retirement migration occurs, given the wide differences in income and ageing process among countries in East Asia and Southeast Asia. The lower cost of living in destination countries relative to the income of the older persons in the origin countries can be the key reason for cross-border retirement migration. The question is not whether this is acceptable, but rather, from which countries to which countries. Four Southeast Asian countries (Indonesia, Malaysia, Thailand, and the Philippines) are already eyeing such opportunities (Jones 2008). Indeed, there have been a few observations showing how some Dutch older persons spend their retirement in Indonesia.

This issue is in addition to the already recognized social and political implications of migration to a country with a shortage of young workers from countries with a surplus of young workers. Therefore, according to Severino (2007), ageing can soon become an important ASEAN issue.

ASEANizing ageing issues can be an important means of speeding up the process of ASEAN economic integration, enhancing regional security, and strengthening socio-cultural ties.

Finally, one of the important policy recommendations in ASEANizing ageing issues is the publication of all statistics of older persons (60 years and above) by five-year age groups. The last age group may be 70+, 75+, or 80+, depending on the availability of the data in each country.

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Notes

1. This advertisement has been discussed extensively by young people on the Internet, especially after *Kompas*, a leading national daily, published an article entitled "*Yang Muda Yang Tidak Dipercaya*" [The Young, the Untrustable] on 16 November 2007.
2. Refer to Bloom, Canning and Sevilla (2001) for a review of the debate during 1960–80s.
3. For more on the relationship between an ageing population and the economy, in general, and in Singapore, in particular, refer to Tay (2003).
4. Replacement level fertility is often indicated by TFR (total fertility rate) of around 2.1.
5. For a comprehensive discussion on the pace of fertility transition in Singapore, read Saw (2005).
6. Fertility trend varies among the three main races of the resident population in this country: Chinese (76.8 per cent), Malay (13.9 per cent), and Indian (7.9 per cent). The three races managed to reach replacement level of fertility at the same time in 1975. The Chinese and Indian TFRs continued to be below replacement level with a trend of fluctuations. However, the TFR of Malays stayed below replacement level for only about a decade before going up and reaching a peak of 2.7 in 1990. It remained above replacement level until very recently and is now back to below replacement level.
7. The survey was carried out under HSBC's global research on *Future of Retirement: What the World Wants*, covering twenty countries and including 1,000 working adult Singaporeans. A further discussion on the findings for Singapore can be found in "HSBC's Future of Retirement. Insights for Singapore", presented at

the IPS Forum on "HSBC's Global Future of Retirement Study: Insights for Singapore", in Singapore on 15 June 2006.

8. <http://app.sprinter.gov.sg/data/pr/2007081907.htm>.
9. The statistics in 1999 are cited and calculated from the Central Census Steering Committee (2000).
10. For recent literature on this model, see Lee and Chan (2007).
11. PAYG is often used in a defined benefits scheme, but it may also be employed in a defined contribution scheme.
12. For a further discussion of the government's policies on this topic, read for example, Tan Kim Chwee "An Accessible Environment for All", a slide-presentation at the IPS Forum on "HSBC's Global Future of Retirement Study: Insights for Singapore", Institute of Policy Studies, Singapore, 15 June 2006.
13. The statistics on net in-migration is cited from *CIA World Factbook* (January 2007).

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2

FUTURE AGEING IN SOUTHEAST ASIA Demographic Trends, Human Capital, and Health Status

Wolfgang Lutz, Samir K.C., Hafiz T.A. Khan, Sergei Scherbov and George W. Leeson

Introduction

This chapter will try to draw a bigger picture about the likely future changes in age distribution in the countries of Southeast Asia, and highlight some key dimensions of the expected population ageing. It will focus on the demographic core of population ageing and also cover the changing education and health distributions of the population which are key dimensions for assessing the likely implications of these trends for individual countries. We will do so not in the conventional way of presenting already existing population projections for different countries (for example, taken from the U.N. population projections or national projections), but rather we will present innovative methods of population projections, such as probabilistic projections and multistate projections, and combine them with unique new data from a global ageing survey conducted by the Oxford Institute of Ageing funded by HSBC. These new

data, combined with those more sophisticated projection methods, will allow us to address some of the key challenges of population ageing much more directly. We will present these analyses here for a few selected countries.

The chapter will be structured in the following way: First we present some new probabilistic population projections for Southeast Asia and specifically for Singapore. While these provide a comprehensive picture of what is likely and what is uncertain in terms of future population size and structures by age and sex, the ensuing sections of the paper also consider the changing educational structure of the population, which has major impacts ranging from effects on demographic trends themselves, to effects on health and income, among others. In the remainder of the chapter, we take a closer look at expected future trends in health and disability and how the explicit consideration of educational health differentials, together with a changing educational composition of the population, influences the outlook for ageing-related health concerns.

Probabilistic Population Projections for Southeast Asia and Singapore

There has been a major upsurge in probabilistic population projections recently because this field offers several advantages compared with conventional population projection variants or scenarios. As compared to the traditional U.N. high-medium-low variants, which are based only on alternative fertility assumptions and otherwise consider identical mortality and migration assumptions, probabilistic population projections consider the full range of uncertainties in all three demographic components of change. Disregarding mortality uncertainty is particularly problematic in the context of studying population ageing, where the uncertainty about future trends in old age mortality has a major impact. Many of these issues have been discussed in an edition of the *International Statistical Review* on the topic "How to Deal with Uncertainty in Population Forecasting" (Lutz and Goldstein 2004).

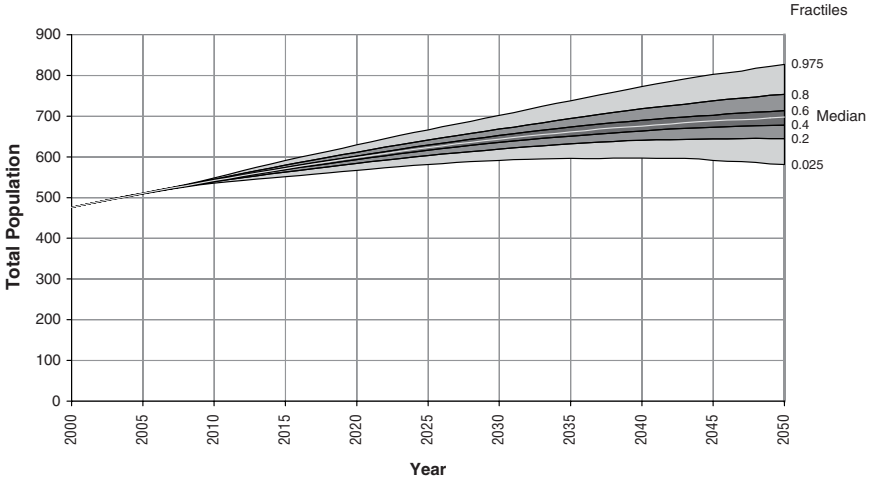
The following projections for Southeast Asia as a region come from the most recent update of the International Institute for Applied Systems Analysis (IIASA) world population projections which are carried out at a level for thirteen world regions, while the projections for the (resident) population of Singapore have been carried out specifically for this chapter.

Data sources, methods used, and specific assumptions made are documented in Lutz, Sanderson and Scherbov (2004) and on the IIASA website <http://www.iiasa.ac.at/Research/POP/index.html>.

Figure 2.1 shows the uncertainty range for the total population of Southeast Asia. The differently shaded ranges give the fractiles of the uncertainty distribution that result from 1,000 independent simulations (cohort-component projections) that were carried out by combining different fertility, mortality, and migration paths drawn from the defined uncertainty distributions. While the base line for the projections is 2000, the uncertainty only starts in 2007 because up to 2006, empirical trends have been incorporated.

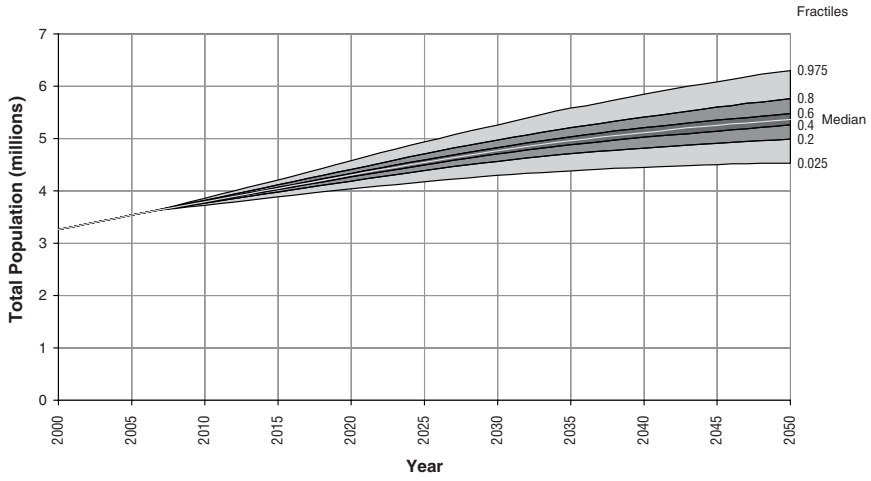
Figure 2.2 shows the uncertainty range for the total population of Singapore. For Southeast Asia as well as for Singapore on its own, the figures show that moderate future population growth is still to be expected. In Southeast Asia as a whole, this is mainly due to the momentum of population growth resulting from a young population age structure and still moderately high fertility levels in some countries

FIGURE 2.1
Uncertainty Distribution for the Future Population Size of Southeast Asia: 2000–50



Source: Lutz, Sanderson and Scherbov (2004).

FIGURE 2.2
Uncertainty Distribution for the Future Population Size in Singapore: 2000–50



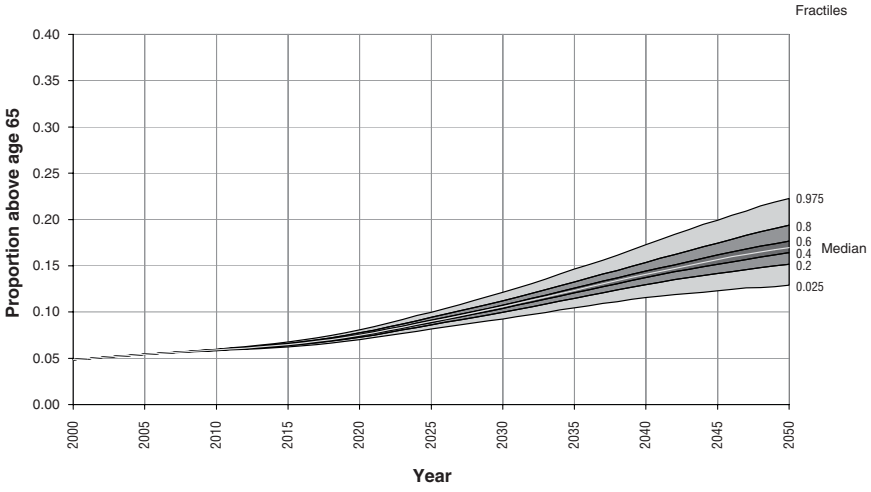
Source: Authors' calculation.

such as the Philippines; in Singapore, the expected growth is mostly due to migration gains.

Figures 2.3 and 2.4 use the same scale to make them more comparable for showing future paths in the proportion of the population above age 65, which is one of the most frequently used ageing indicators. They show that for Southeast Asia as a whole, this proportion is likely to more than triple by the middle of the century, from 5.0 per cent in 2000 to above 15.0 per cent in 2050. The graph shows some uncertainty about this trend, but a substantial increase is also a near certainty. For Singapore the current level is already higher (at about 8.0 per cent), but the increase will be even steeper, with the proportion expected to reach around 30.0 per cent by the middle of the century. While there is some uncertainty about where exactly it will lie in the range between 25.0 and 35.0 per cent, there is again no doubt that the proportion of those above the age of 65 will increase to above 25.0 per cent of the total population.

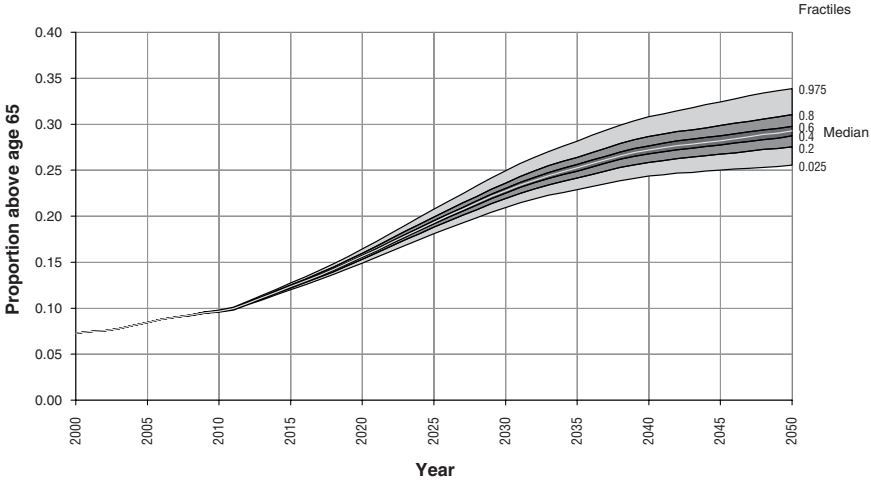
Another important indicator in the context of ageing is the proportion of the population above the age of 80, an issue that is very relevant for future health and care service provision (see Figures 2.5 and 2.6). While in Southeast Asia as a whole this proportion is expected only to increase from about 1 per cent to 3 per cent, Singapore shows a very different

FIGURE 2.3
Future Paths in the Proportion of the Population Above Age 65 in Southeast Asia: 2000–50



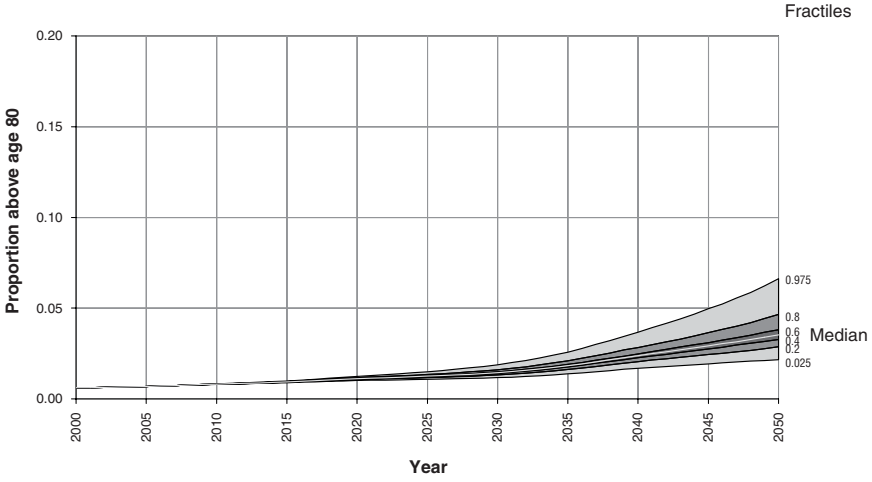
Source: Lutz, Sanderson and Scherbov (2004).

FIGURE 2.4
Future Paths in the Proportion of the Population Above Age 65 in Singapore: 2000–50



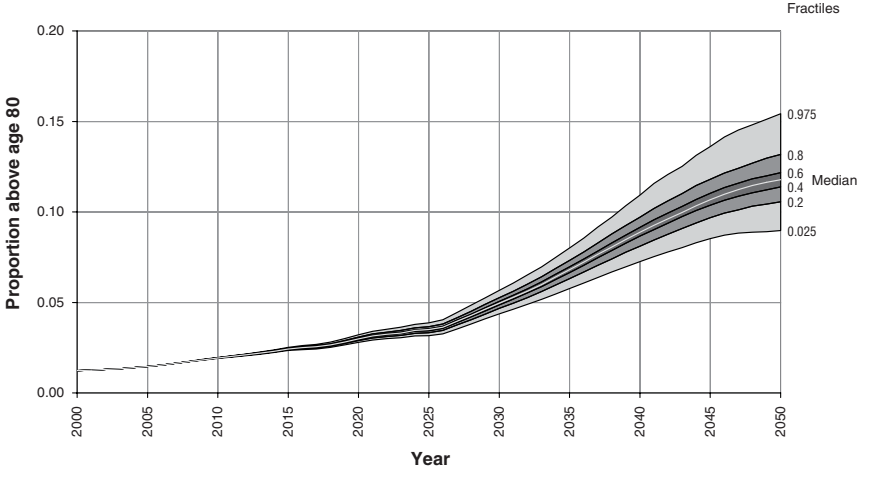
Source: Authors' calculation.

FIGURE 2.5
Future Paths in the Proportion of the Population Above Age 80 in Southeast Asia: 2000–50



Source: Lutz, Sanderson and Scherbov (2004).

FIGURE 2.6
Future Paths in the Proportion of the Population Above Age 80 in Singapore: 2000–50



Source: Authors' calculation.

picture. Currently only 2 per cent of the population is above age 80, but by the middle of the century, this proportion will likely increase by a factor of six or more to about 13.0 per cent. Depending on future migration, fertility, and mortality rates, this proportion may in fact turn out to be a bit higher or lower, but an increase to at least 9.0–10.0 per cent seems to be a near certainty. This trend poses major challenges ranging from financial considerations to health and pension policies.

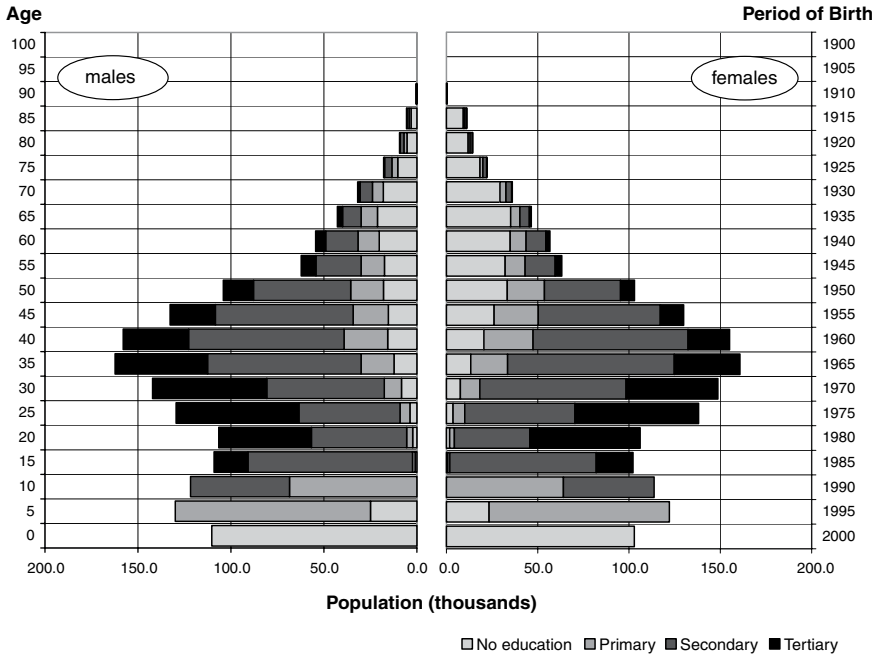
Growing Human Capital: The Dynamics of the Changing Educational Composition by Age and Sex in Selected Countries

We know that the age and sex structure of the population is not the only relevant source of population heterogeneity when it comes to anticipating future consequences of population ageing. Many studies have shown that the structure of educational attainment of a population matters greatly and serves as a good indicator for the social and economic stratification of the population, which are more difficult to measure. Almost universally, people with better education have better health and higher incomes. Compared with considering income distribution directly, educational attainment indicators have the advantage of being directly observable for each individual (it does not need to be indirectly inferred through indicators of household income or wealth as is done for individual income), and being very stable over time (if a person has completed tertiary education, he/she will maintain this status for life). Because of this stability and the strong relationship between education and health, the World Health Organization uses education as part of the formula for forecasting health (Mathers and Loncar 2006).

IIASA recently conducted the first systematic projection and reconstruction of populations by age, sex, and four levels of educational attainment for 120 countries. As this exercise has been extensively described elsewhere, we will not devote space here to give any detail about the methodology and specific assumptions. Suffice it to say that it is based on the multistate population projection model, which simultaneously projects several populations which have different patterns of fertility, mortality, and migration rates, and also considers age- and sex-specific transitions from one sub-population to another. In the case of education projections, the sub-populations are defined by educational attainment categories (no formal education, primary, secondary, and tertiary education).

Figure 2.7 shows the educational attainment distribution for Singapore in 2000. The figure also includes a lot of information about the history of the education system in Singapore. Because formal education is typically acquired at a younger age and hardly changes over a life course, we see that among women above age 60 in 2000, more than half had not received any formal education. Among those of younger ages though, Singapore has one of the most educated populations in the world. This reflects the great momentum in changing the educational attainment composition of the adult population, if education is only received at a young age. This inertia of change is also the basis of our reconstruction model of educational attainment up to 1970. Put in a simple way: those in the age group 60–64 who, in 2000, were without formal education were without formal education when they were in the age group 30–34 in 1970. To be more

FIGURE 2.7
Age Pyramid by Level of Educational Attainment, Singapore 2000

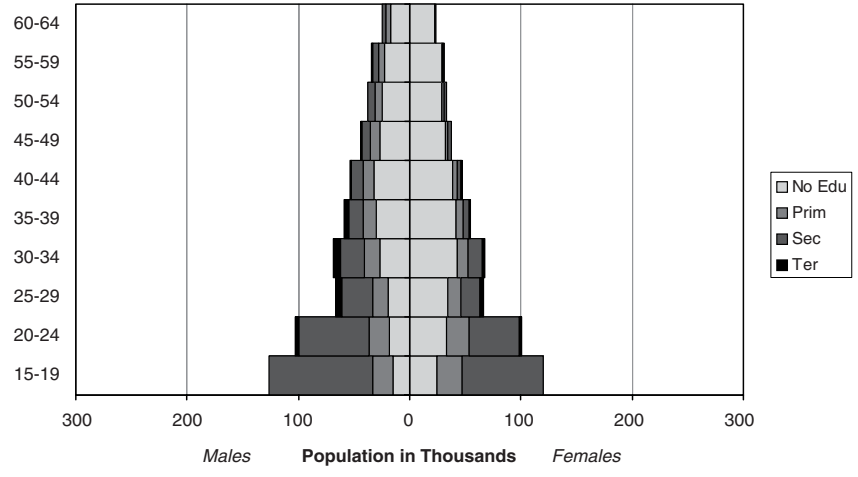


Source: Authors' calculation.

precise in this reconstruction, we have to consider the fact that mortality differs with education (some uneducated people may have died over the past thirty years because of their higher-than-average mortality rates) and that migration flows can vary according to level of education. IIASA has recently produced such reconstructions based on demographic back-projection techniques for 120 countries, starting with an empirical distribution by age, sex, and level of educational attainment in 2000 (Lutz et al. 2007).

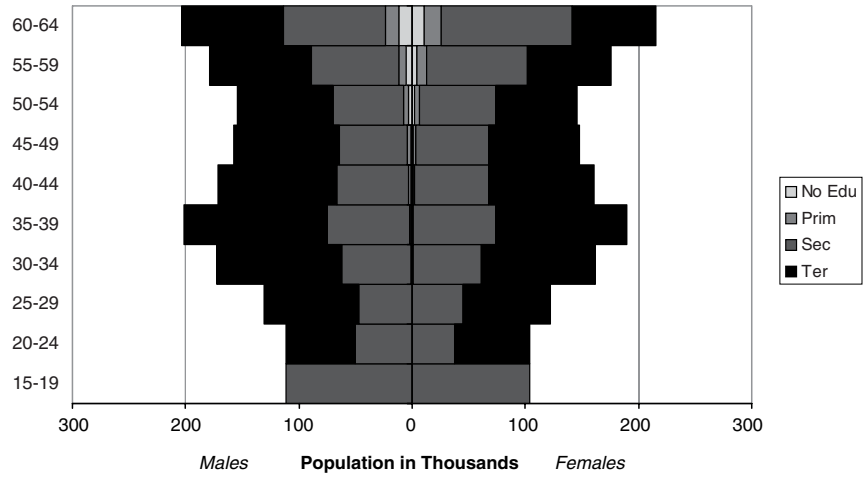
This stability of educational attainment along cohort lines can also be exploited to make projections of the population by educational attainment. In this case one has to consider the fact that mortality and migration are not the only demographic variables which are education specific, but fertility also tends to vary strongly according to the level of a mother's educational attainment. Figures 2.8–2.12 show some reconstructed and projected age pyramids for the population of Singapore and for selected other Southeast Asian countries for 1970, 2000, and 2030. Because we were mainly interested in the labour force and the economic returns to education, the reconstruction was done only for the age-groups 15–64. While

FIGURE 2.8
Reconstruction of Age and Education Pyramids for Singapore in 1970



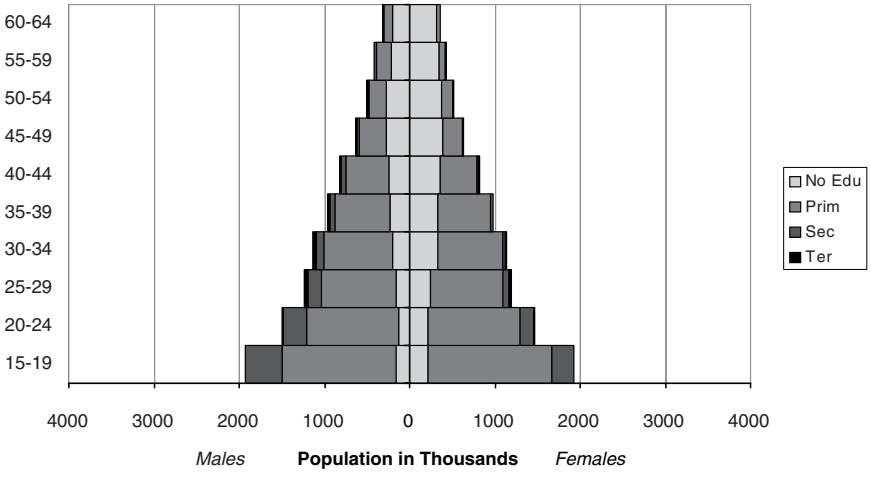
Source: Lutz et al. (2007).

FIGURE 2.9
Projection of Age and Education Pyramids for Singapore in 2030



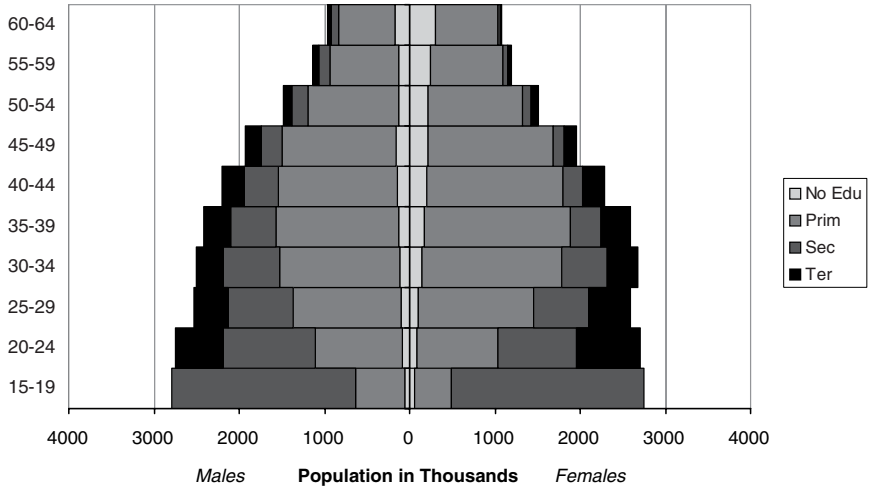
Source: KC et al. (2008).

FIGURE 2.10
Age and Education Pyramids for Thailand in 1970



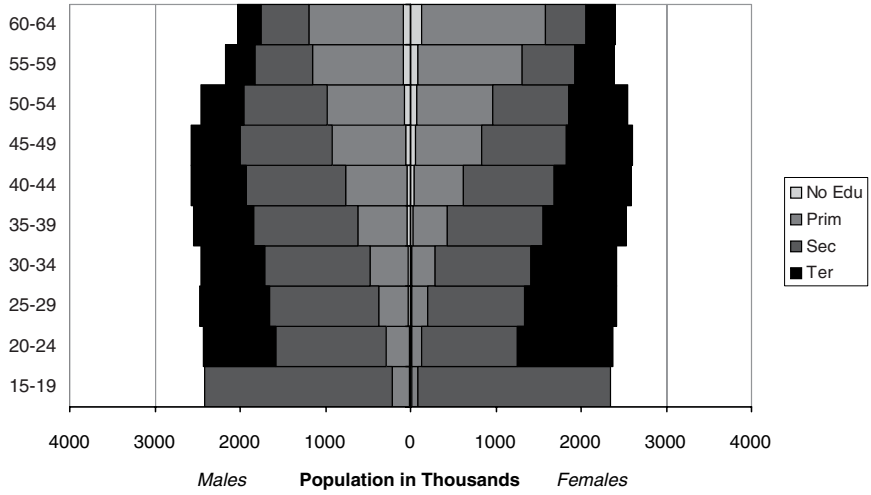
Source: Lutz et al. (2007).

FIGURE 2.11
Age and Education Pyramids for Thailand in 2000



Source: Lutz et al. (2007).

FIGURE 2.12
Age and Education Pyramids for Thailand in 2030



Source: KC et al. (2008).

projections were done for the entire population (KC et al. 2008), an educational structure is only shown for those from age 15 upwards.

These reconstructed and projected educational attainment distributions clearly illustrate the great momentum of improvements in the educational structure. But they also give a rather comprehensive image of the state of social and economic development in general. Figure 2.8, which is comparable to those for some African countries today, reminds us that not too long ago, Singapore was a poor developing country with a very poorly educated population. However by 1970, the first effects of its massive educational efforts were already visible among the younger generation. The projections to 2030 show that in Singapore as well as Thailand, these educational efforts will have resulted in very highly-educated populations. This high level of human capital will likely be reflected in their high economic and health standing.

But will population ageing pose a serious threat to this anticipated high level of future well-being? In the following sections we will explore these questions, at least with respect to health and disability.

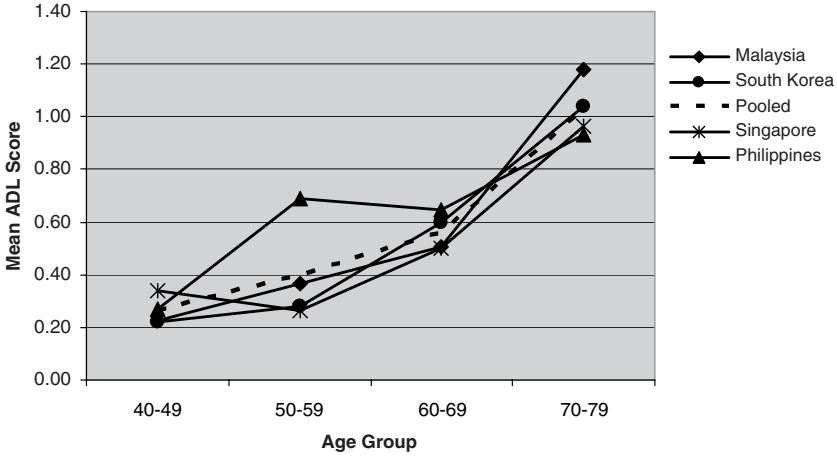
Age-Specific Patterns of Disability by Level of Education

In the following section we will try to match some of these projections with information about age-specific patterns of disability. The empirical basis for the latter is the Global Ageing Survey carried out by the Oxford Institute of Ageing. The analysis utilizes data collected in the study of the Future of Retirement, a global, cross-sectional ageing survey conducted in twenty-one countries and territories in 2006 by Harris Interactive Inc.[1] The principal aim of the survey has been to investigate people's attitudes towards health and retirement, and to draw general conclusions for the well-being of older persons. A total of 21,233 respondents aged 40–79 years were successfully interviewed from all five major regions of the world: Asia, Europe, North America, Latin America, and Middle East/Africa. The countries which took part in the survey are listed as China, Hong Kong, Taiwan, India, South Korea, Japan, Malaysia, Singapore, the Philippines, the United Kingdom, Germany, Russia, France, Denmark, Canada, the United States of America, Brazil, Mexico, Saudi Arabia, Turkey, and South Africa. The interviews were mostly conducted by telephone and on some occasions, face to face. All data collection, editing, coding,

and final data entry were done by Harris Interactive. Individuals were drawn from various social classes with a proportional representation of age and sex. The questionnaires contained a wide range of questions about the respondents' socio-demographics and other attitudes, policies, and practices towards older persons. Individuals were asked a battery of structured questions regarding their attitudes to, and perceptions of, employment and retirement. Among a lot of other information, this survey also contains self-reported information about disabilities measured through the familiar ADL (activities of daily life) scheme. The ADL score used in this analysis gives the average number of activities of daily life (taken from a standard list) for which the respondents reported difficulties. This average score is calculated for five-year age groups, as well as for age groups classified according to the four levels of education.

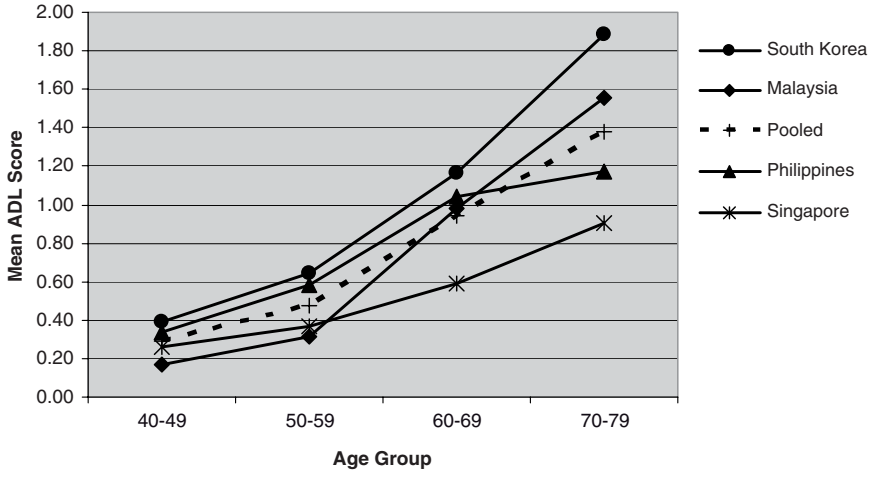
Since the sample sizes in the survey were too small to get stable patterns for disabilities of very specific sub-populations (such as those with tertiary education in a specific five-year age group), the calculations in Figures 2.13–2.16 are, in certain instances, based on a pooled age and education profile resulting from combining the patterns from the four

FIGURE 2.13
Age Profiles of ADL Scores for Men for Individual Countries and Pooled (All Educational Levels Combined)



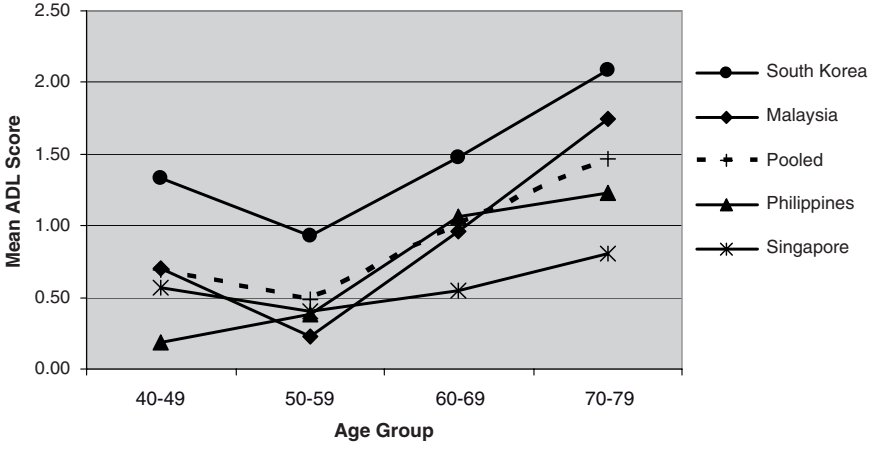
Source: Authors' calculation.

FIGURE 2.14
Age Profiles of ADL Scores for Women for Individual Countries and Pooled (All Educational Levels Combined)



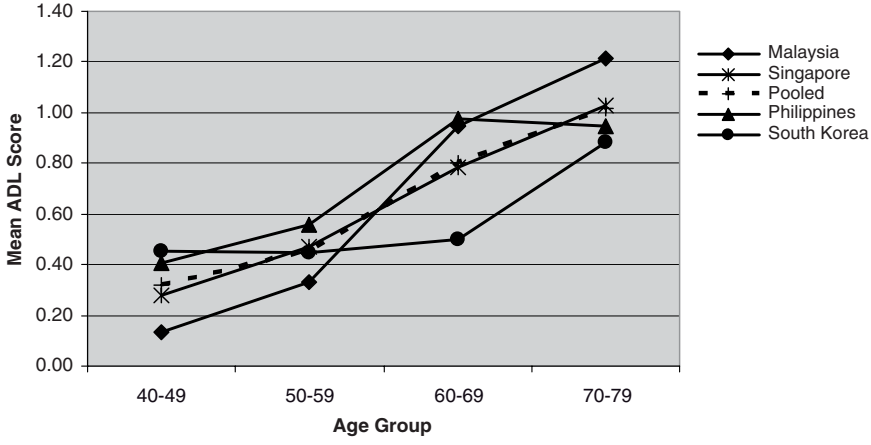
Source: Authors' calculation.

FIGURE 2.15
Age Patterns of ADL Scores for Women with Primary Education Only



Source: Authors' calculation.

FIGURE 2.16
Age Patterns of ADL Scores for Women with Secondary Education as Their Highest Educational Attainment



Source: Authors' calculation.

countries considered (Malaysia, Singapore, the Philippines, and South Korea).

Figures 2.13–2.16 clearly show the expected pattern of the ADL score increasing strongly with age. While women aged 40–49 have almost the same low ADL scores as men of the same age, the speed of increase with age is much more pronounced for women than for men. Women in age group 70–79 (in most countries around the world) report significantly higher levels of ADL problems than men of the same age. There are also interesting differences among countries, with Singapore being at the lower end of age-specific disability rates.

Figures 2.15 and 2.16 clearly show a consistent pattern of more highly educated women having lower disability rates than less educated women. This difference is particularly strong in South Korea. The patterns of increase with age tend to vary with the level of education. For women with a secondary education, the increase is more linear; for less educated women in three of the four countries, the ADL score is higher in the age group 40–49 than in the age group 50–59, before resuming a steep increase. This interesting pattern deserves some deeper analysis.

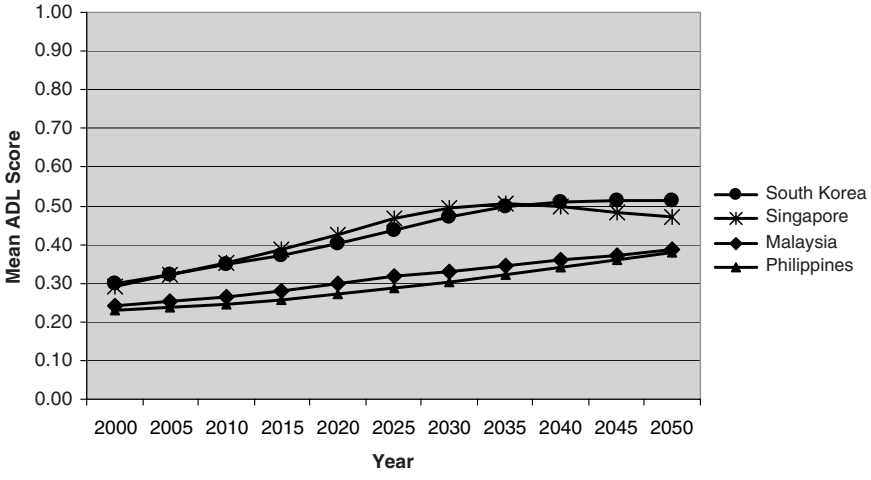
Future Trends in Disability with and without the Consideration of Improving Educational Compositions

In this section we will present some calculations on the possible impact of an improvement in the educational composition of a population on the future health and disability of older persons. Many of the pessimistic outlooks that have been presented in Europe and increasingly in ageing Asian countries are based on a somewhat simplistic rationale, namely, applying today's age pattern of disability to a population age structure of the future. Given the steep age gradient of disability observed, for example, in the figures above, it is no wonder that applying them to an older age structure will result in much higher disability rates. However, Lutz and Scherbov (2005) have recently shown for the European Union that if this age pattern of disability is moved slightly to the right by two years per decade (that is, in the future, the same disability prevalence will apply to an age group two years older), then even the massive ageing of baby boomers in Europe will not result in any long-term increase in the proportion of people with disabilities. Hence, probable future declines in age-specific disability rates can mitigate much of the effect of ageing.

In the Asian context, Hermalin et al. (2006) suggested that the fact of younger cohorts being more likely to be better educated is expected to lead to lower mortality and morbidity rates for given age groups in the future. In the following paragraphs, we will present a more formal analysis of this question, comparing projections that are based on a constant ADL age profile with those that explicitly consider educational differentials in ADL. We will also look at projected future educational attainment distributions.

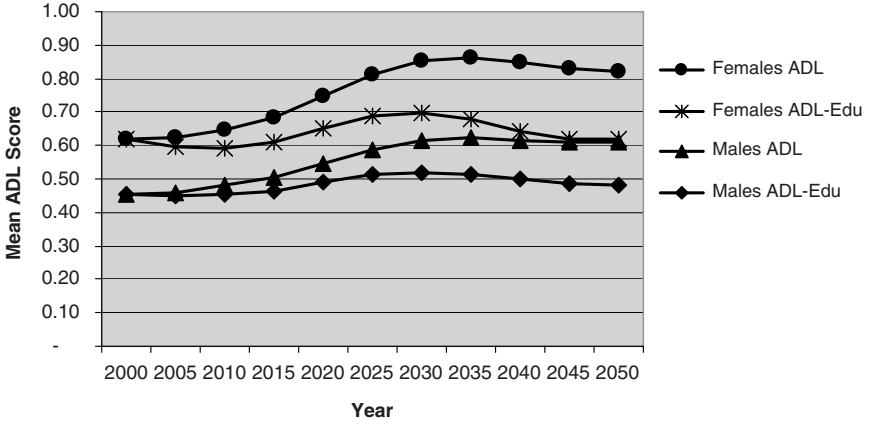
Figures 2.17–2.20 present projections of average ADL scores for the four countries considered by simply applying the empirical age patterns described above to projected age structures. Because we do not have empirical information on the disabilities of the population below age 40, we assume for these simple calculations that it is constant at the level of 0.1 for all age groups below 40. The results for all countries indeed show a significant increase in the average ADL score for those in the population aged 15–79. The specific pattern of this increase for each country depends on the specific age profiles and country-specific paths of ageing. It should be noted that these calculations do not include information on the rapidly growing age group 80+, who will also have the highest ADL scores. The reason is that we do not have any empirical information on this age group.

FIGURE 2.17
Average ADL Scores for Women Aged 15–79 from 2000 to 2050
(Not considering the changing educational composition of the population)



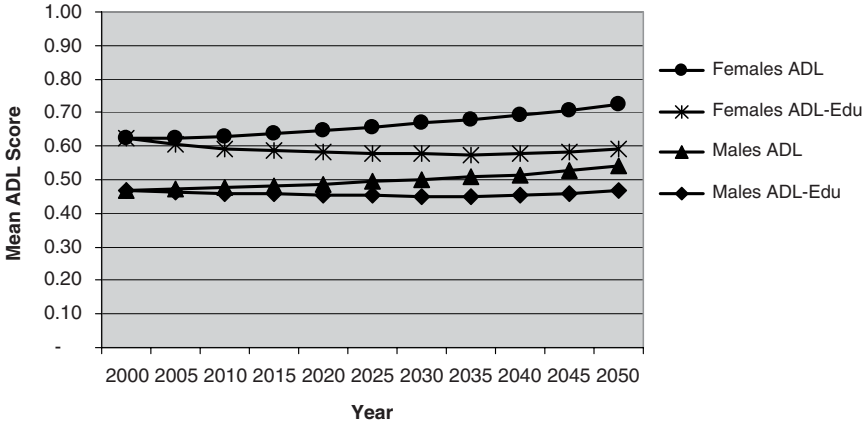
Source: Authors' calculation.

FIGURE 2.18
Average ADL Scores for Population Aged 40–79 with ("ADL-Edu"), and without ("ADL") Considering Educational Structure: Singapore, 2000–50



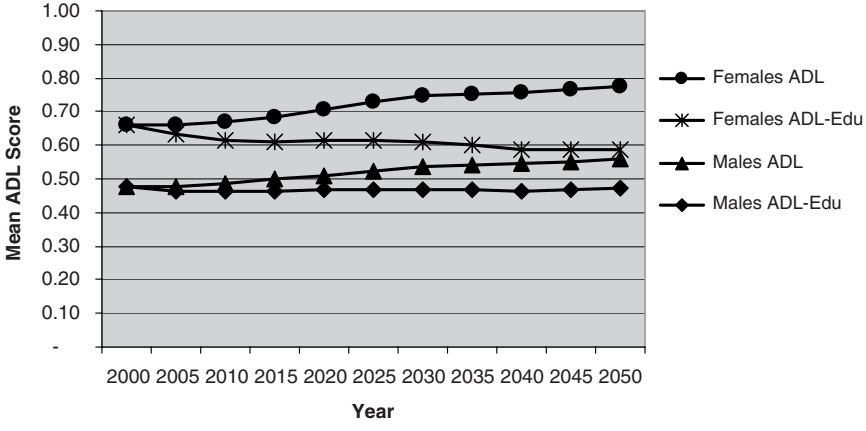
Source: Authors' calculation.

FIGURE 2.19
Average ADL Scores for Population Aged 40–79 with ("ADL-Edu"), and without ("ADL") Considering Educational Structure: The Philippines, 2000–50



Source: Authors' calculation.

FIGURE 2.20
Average ADL Scores for Population Aged 40–79 with ("ADL-Edu"), and without ("ADL") Considering Educational Structure: Malaysia, 2000–50



Source: Authors' calculation.

For this same reason (the lack of empirical information), the following analysis will be limited to ageing within the age range of 40–79. Because ageing within this specific age band is going to be much less significant than ageing at the level of the full population, the increases in ADL scores over time tend to be much lower. But it will be sufficient to illustrate the point that we want to make.

These calculations show very clearly that the already pre-programmed improvement in the educational composition of the population has a great impact on the future prevalence of disability in the population. In all countries considered, and for both men and women, the average ADL would increase if we only change the age structure of the population. And in all cases, the explicit consideration of the changing educational composition makes this increase disappear or even leads to a decrease in the future ADL score.

As discussed above, due to data limitations we could only compare the trends for ageing within the age range of 40–79. But there is no reason to assume that a similar exercise carried out for the entire age range would yield qualitatively different results. Hence, these calculations show impressively that future improvements in the educational composition of the population, that is mainly a consequence of past efforts in educating the young, will likely have a beneficial effect on ameliorating some of the feared consequences of future population ageing.

Conclusion

Over the coming decades, Southeast Asia is likely to experience moderate population growth combined with massive population ageing. The proportions of the population who will be above age 65 are likely to increase by a factor of three or more. The specific speed of this ageing wave in each country depends largely on the history of fertility decline in the country. The more rapidly the fertility rate declined over the past decades, the steeper the increase in the proportion of older persons.

But the rapid fertility declines have also produced a demographic window of opportunity with periods of very low total dependency ratios (fewer children but not many older persons yet). This demographic window, sometimes called the "demographic bonus", is widely acknowledged to have contributed significantly to economic growth in

the region. But the demographic window does not automatically lead to higher economic growth. The window needs to be utilized and must not be overlooked. One of the most important uses of this window has been strong investments in education. Declining fertility rates make it easier to increase rapidly the proportion of all children who go to school and even finish higher education. The economic bonus from lower dependency ratios makes it easier to find the resources for improving education and health care, and more and better education in turn leads to lower fertility rates, further enhancing this virtuous cycle of lower fertility rates, better education, better health, and higher economic growth. While many countries (particularly in Africa) are suffering from these same interactions in terms of a vicious circle, where high population growth due to a high fertility rate is combined with poor health and low education, and hence, poor economic performance, most countries in Southeast Asia have managed to enter the virtuous circle. This is the basis of the often-praised Asian miracle.

Does the looming wave of population ageing, a long-term consequence of fertility decline, now pose a serious threat to the well-being in these countries? Again, improving human capital seems to offer a way of avoiding some of the possible negative consequences associated with rapid ageing. Better-educated older persons will be in better health and will be more capable of providing support for their old age. In this chapter we have shown empirically that considering the expected improvements in the educational composition of a future older persons population will lead to much lower increases in disability than one could expect without improvements in education.

One can even view this as a second wave of longer-term benefits from the early investments in education in Southeast Asia. The first benefits came when these better-educated young people entered the labour force and helped to boost economic growth. The later benefits will come when these better-educated people grow old and are in better health and have better economic standing because of their education. This illustrates the important returns to education, and the fact that it is a long-term investment where the benefits often come only several decades after the investment.

Even given the "education bonus", population ageing still poses many challenges for institutional adaptation, including the financing of pension and health care systems. The sooner these challenges are addressed, the easier it will be to find satisfactory solutions.

Acknowledgements

The authors would like to thank HSBC for providing the funds to carry out the Global Ageing Survey.

Note

1. A worldwide market research firm; for more information, see <www.harrisinterative.com>.

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PART II

Old-Age Income Security

3

ECONOMICS AND OLD AGE
The Singapore Experience

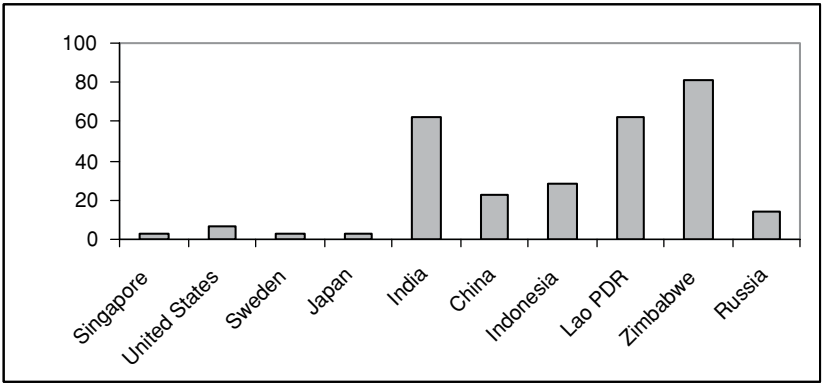
David Reisman

The indicators in Singapore are good. The infant mortality rate was 2.6 per 1,000 live births in 2007. It had been 8.0 in 1980, and 82.0 in 1950. In the United States the rate was 7.0, in Sweden and Japan 3.0, in China 23.0, and in India 62.0. Life expectancy at birth was 77.9 for males, 81.8 for females: the average was 15 years longer than at internal self-government in 1959. The corresponding figures were 75.0 and 80.0 in the United States, 78.5 and 85.5 in Japan, 66.0 and 70.0 in Indonesia, 61.0 and 63.0 in Laos. Figures 3.1 and 3.2 show where Singapore stands.

Healthy life expectancy at birth was 68.8 for males, 71.3 for females in 2007. In the United States, the respective figures were 67.2 and 71.3, in Japan 72.3 and 77.7. Adult mortality in the productive years of 15-60 was 85 per 1000 for males, 50 for females: in United States the figures were 144 and 83, in Sweden 82 and 51 (World Bank 2007). Figures 3.3 and 3.4 illustrate Singapore's relative performance.

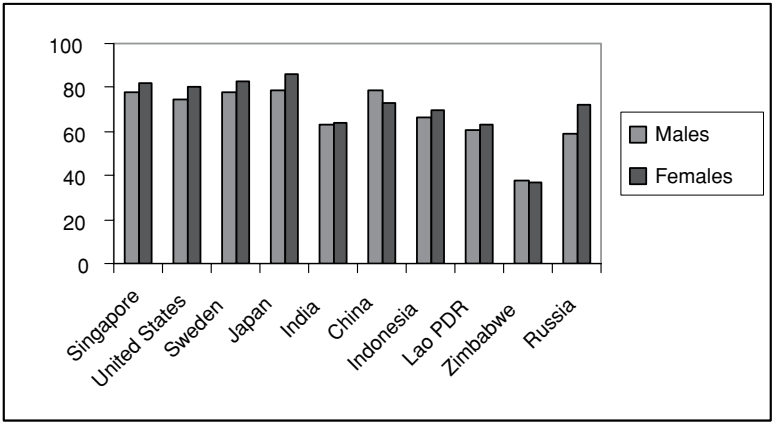
The World Health Organization (WHO) ranked the effectiveness of Singapore's health care system sixth among its 191 member states: France was first, Japan tenth, the United Kingdom eighteenth, the United States

FIGURE 3.1
Infant Mortality Rate (per 1,000 live births):
Singapore and Some Other Countries, 2007



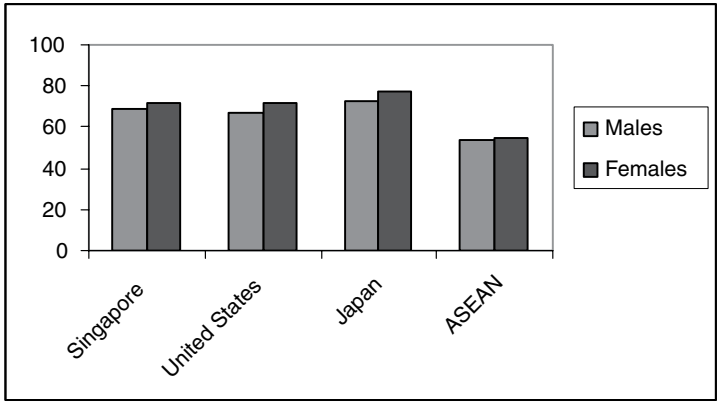
Source: World Bank (2007).

FIGURE 3.2
Life Expectancy at Birth:
Singapore and Some Other Countries, 2007



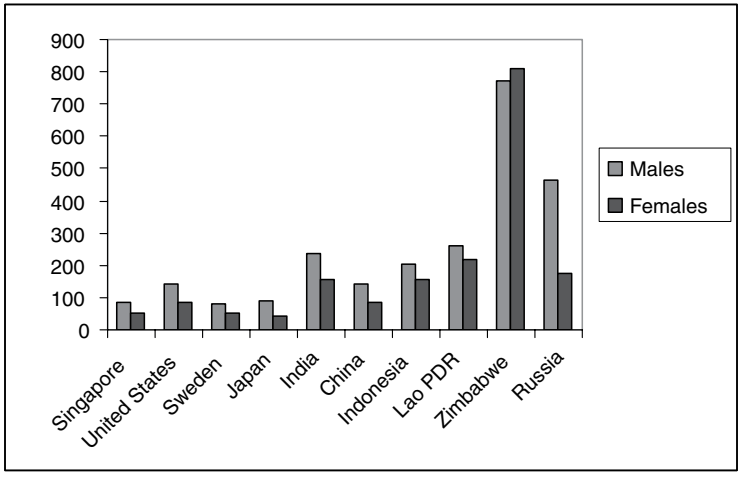
Source: World Bank (2007).

FIGURE 3.3
Healthy Life Expectancy at Birth:
Singapore and Some Other Countries, 2007



Source: World Bank (2007).

FIGURE 3.4
Adult Mortality in the Productive Years 15–60 (per 1,000):
Singapore and Some Other Countries, 2007



Source: World Bank (2007).

thirty-seventh. Fairness of financing was a different matter. There Singapore was number 101 (World Health Organization 2000: 154). Colombia topped the list for fairness.

There were 2.9 hospital beds per 1,000 of population in Singapore (fewer than the 3.3 in United States, or 4.0 in the United Kingdom, far fewer than 7.6 in France or 14.3 in Japan). There were 1.3 doctors per 1,000 of the population. In Japan the figure was 1.98. In the United States it was 2.2, in the United Kingdom 2.3, in France 3.4 (World Health Organization 2006; World Bank 2007). Figures 3.5 and 3.6 using data from 2005 and 2006 indicate Singapore's position in a representative subset of countries.

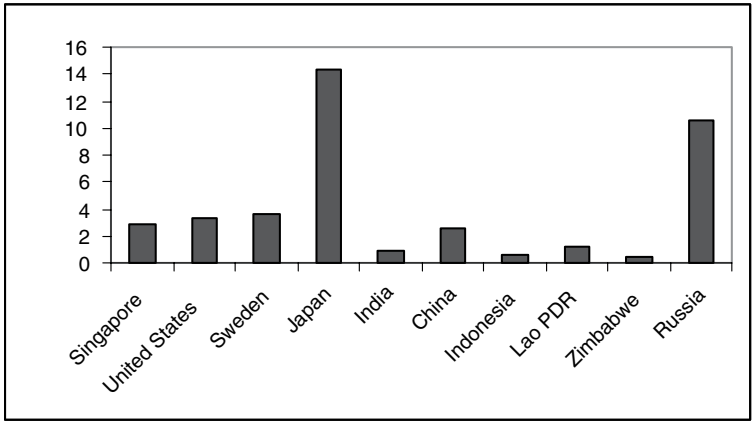
As is so often the case in health policy, outcomes are not proportional to inputs. Even so, the supply of professionals, tightly capped in the past, is being allowed to expand. There is now a second local medical school: as well as the (undergraduate) School of Medicine at the National University of Singapore, there is the Graduate Medical School jointly run by the National University of Singapore and Duke University. Duke is one of the top six medical schools in the United States. Doctors may also have trained at 140 foreign institutions. In 1993 the number was fixed at only twenty-four in order to block supplier-induced demand and contain total cost. Geriatric medicine is now a core module for undergraduate medical training in the local medical schools. Training in care of the elderly is compulsory for all general practitioners.

The present is good. In terms of outcomes and inputs, Singapore is on a par with other developed countries. The future is a problem. Singapore is growing old. The following section of this chapter quantifies the demographic iceberg. It is then followed by a section explaining what it will mean for the cost of care. The concluding section asks if the answer will be the State.

The Demographic Iceberg

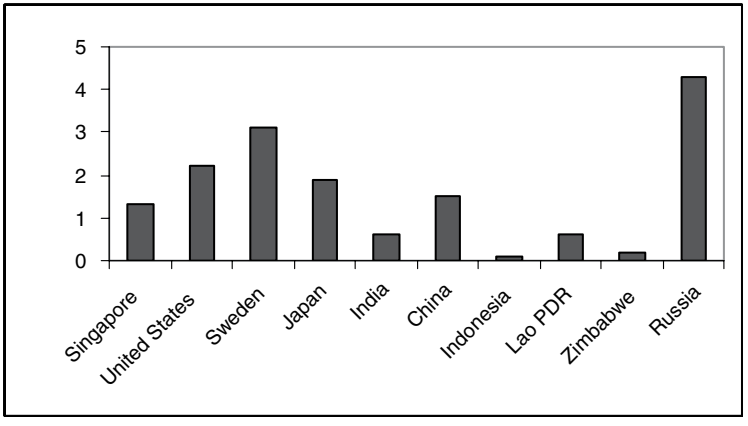
Older persons aged 65 and above comprised 3.4 per cent of the resident population in 1970 and 4.9 per cent in 1980. They accounted for 8.6 per cent in 2006 (Department of Statistics 2007, p. v). By 2030 it is expected that they will be 23.0 per cent. By 2050 the figure will be 27.0 per cent. The over-75s will account for 8.9 per cent (Ministry of Health 1999, p. 29;

FIGURE 3.5
Hospital Beds (per 1,000 of population):
Singapore and Some Other Countries, 2007



Source: World Bank (2007).

FIGURE 3.6
Doctors (per 1,000 of population):
Singapore and Some Other Countries, 2007



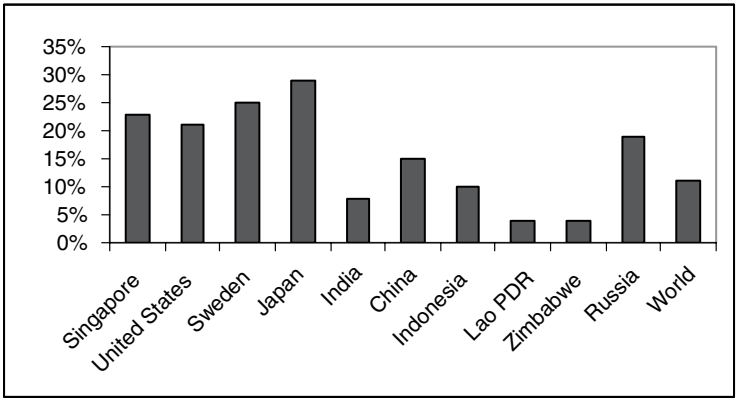
Source: World Bank (2007).

World Bank 2007). Singapore's 23.0 per cent by 2030 is less than the projected figures for Japan (29.0 per cent) and Hong Kong (27.7 per cent), about the same as Australia (21.0 per cent), and the United States (21.0 per cent), a quarter more than China (15.0 per cent), double the rate in Malaysia (10.0 per cent), or nearly triple the rate in India (8.0 per cent) (Ministry of Health 1999, pp. 17, 18; World Bank 2007). Figure 3.7 indicates the probable outcomes in 2030.

The World Bank predicts that the figure for the world as a whole will be 11.0 per cent in 2030. For developed countries, about 25.0 per cent of the population will be over 65 of age. Singapore will be above the average for the world as a whole, but just below the average for the developed world. Bottom-heavy in the fertile 1950s, Singapore by 2030 will be top-heavy and old. It is a great burden for the young and productive to have to support. Figure 3.8 shows the projected percentages of the population aged over 65 in Singapore from 1957 to 2030.

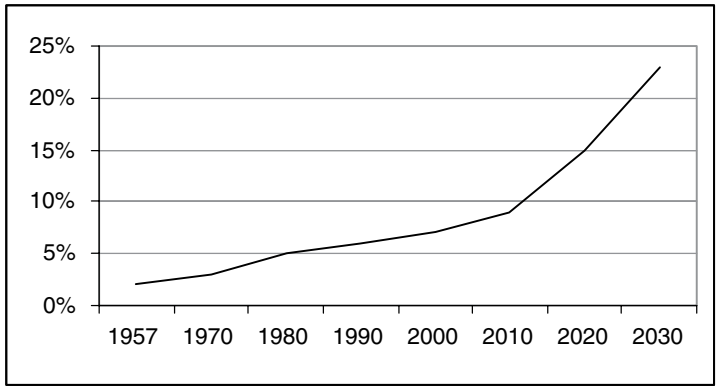
As of 2007, there were 381,100 Singaporeans aged 65 and above. In 2030 there will be an estimated 1,181,000, out of a total population projected to be about 5.2 million. By 2030 the median age in Singapore will be 41.2 years. In 2050 it will be 54.0 years. This will be the fourth highest in the

FIGURE 3.7
Percentage of Population Aged 65 and Above: Singapore and Some Other Countries, 2030



Source: World Bank (2007).

FIGURE 3.8
Projected Percentage of Population Over 65 Years Old: Singapore, 1957–2030



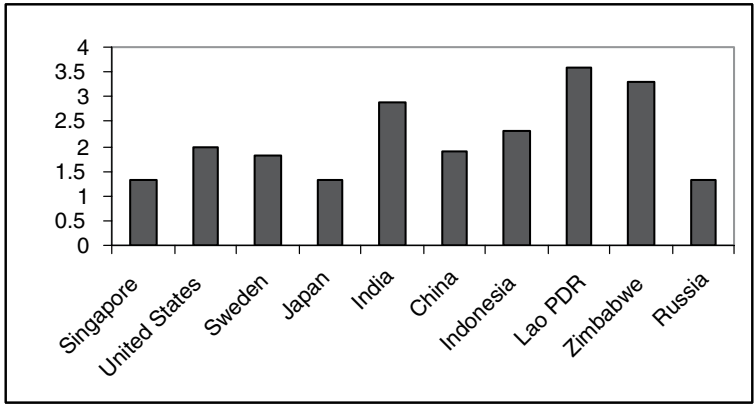
Source: World Bank (2007).

world, just behind SAR Macau (56.0), Japan (55.0), and South Korea (55.0) (Ministry of Manpower 2007, p. 2). In 2006 the median age was 36.2 (approximately the same as in the United States and Australia) and it was 19.5 in 1970, and 18.8 in 1957, when the under-20s made up 52.2 per cent of the population. Only African countries such as Burundi and Uganda will have a median age in the low 20s.

The low birth rate as well as the longer life expectancy is at the root of the top-heavy distribution. Selected fertility rates of different countries are shown in Figure 3.9 with the rate of these selected countries below 4.0 in 2007. The figure shows a picture of contrasts: the fertility rate in Liberia was 6.8, in Angola 6.6. But, in the United Kingdom, the fertility rate was as low as 1.8, in Switzerland 1.4, and in Italy 1.3. The fertility rate in Singapore in 2007 was even lower, 1.26 children per woman (1.09 per Chinese woman). It last reached the replacement ratio of 2.1 in 1976. As shown in Figure 3.10, not one of the three main ethnic groups now reaches the figure of 2.1. It is hard to believe that the fertility rate was 6.41 in the Malthusian Singapore of the 1950s, 4.7 in 1965, and 3.07 in 1970.

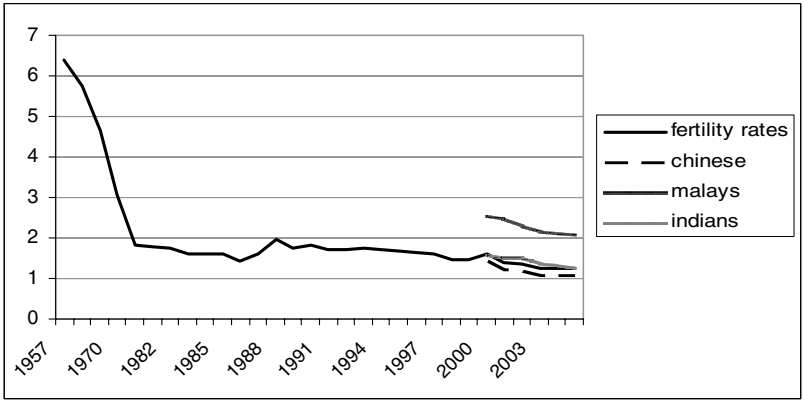
In the early days the government was urging young couples to "Stop at Two". By the 1980s the slogan had become "Have three or more if you can afford it". Antinatalist Singapore had become pronatalist Singapore

FIGURE 3.9
Selected Fertility Rates: Singapore and Some Other Countries, 2007



Source: World Bank (2007).

FIGURE 3.10
Total Fertility Rates by Ethnicity: Singapore, 1957–2003



Source: Calculated from Department of Statistics (2006*a*), p. 37.

because the circumstances had changed so much. Family planning, female participation in the labour force, reluctance of men to contribute to household chores, limited flexibility in hours of work, rising levels of education and productivity (and, therefore, rising opportunity cost), delayed marriage (and, therefore, delayed childbearing), the nuclearization of the family, a tendency towards "high quality" children in preference to large families that spread scarce resources too thin, have all contributed to the dramatic shrinkage in birth cohorts. Countries such as Japan, Spain, and Canada have experienced a comparable decline.

The rate of growth of the over-65 population is currently twice that of the 15–65s who must support them — 3.7 per cent per annum in contrast to the total resident population's growth rate of 1.7 per cent. In the United Kingdom the rate of growth of the number of older persons is 1.0 per cent. In the United States, it is 1.3 per cent. Even in China, where the one-child, two-parent policy has radically restructured the burden of dependency, it is only 2.7 per cent. Thanks to infrastructure such as sewers, good medical attention, affordable public housing, rising living standards, the fastest growing age-groups in Singapore are the 75–84s (6.7 per cent) and the over-85s (8.1 per cent). Women make up the great majority of the old-elderly. Increasing by 194.0 per cent between 1998 and 2025 (as opposed to projected figures of 46.0 per cent in the United States and 75.0 per cent in Japan), the upsurge in the proportion of Singapore's over-65s is one of the fastest transformations in the population pyramid on record (McCarthy, Mitchell and Piggott 2002, p. 199). It took Sweden 86 years to achieve a similar swing.

More people are not only reaching age 65 but living longer thereafter. In 1957 the average length of life in Singapore was 60.5 for males, and 66.6 for females. In 2007 the figures were 77.9 and 81.8 respectively. The fact that Singapore has become a low-mortality society means that an average life expectancy at 65 of 17.1 years and 19.4 years is the norm. A steadily improving standard of health suggests that the figures will continue to rise. Extrapolating from past trends, demographers expect males in 2030 to be living to the age of 87.2, and females to 90.1. Someone will have to pay for the extra years.

One consequence of the pyramid standing on its point is that the old-dependency ratio is rising. The ratio of the over-65s to the working-age 15–64s was 5.9 in 1970, 7.3 in 1980, 8.6 in 1990, 10.1 in 2000 and 11.4 in 2005

(Teo, Chan, and Straughan 2003, p. 401; Department of Statistics 2007, p. v; World Bank 2007). The World Bank expects it to be 37.7 in 2030. The equivalent ratio in Hong Kong is expected to be 32.0 per cent. In Japan, the old-dependency ratio, 26.0 per cent in 2007, is expected to be about 50.0 per cent in 2030. Two active producers will be supporting each retired consumer in 2030. This ratio will be 67.0 per cent by 2050.

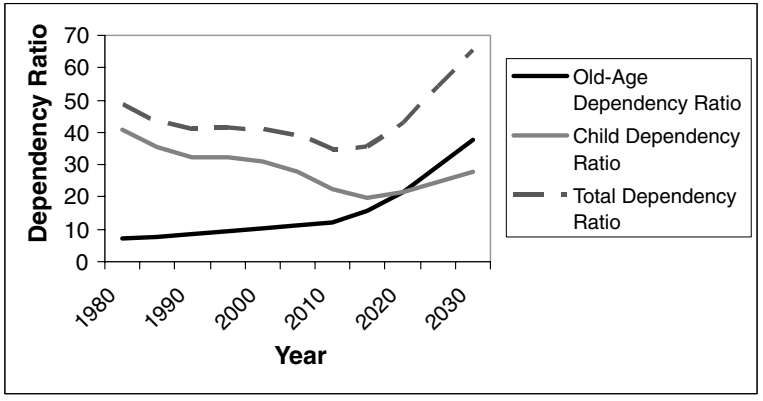
To that must be added the young dependency ratio. That, at least, is falling: 77.8 per cent of the Singapore population was made up of child-dependants in 1957, 68.0 per cent in 1970, 41.0 per cent in 1980, 32.3 per cent in 1990, 30.9 per cent in 2000, 26.8 per cent in 2006. Extrapolation suggests that the figures for the young dependent will be 21.5 per cent in 2020 and 27.7 per cent in 2030 (Department of Statistics 2006*a*, p. v; 2006*b*, p. viii; World Bank 2007).

The total dependency ratio was 81.7 per cent in 1957. It fell sharply to 48.3 per cent in 1980, and then more gradually, from 48.3 per cent in 1980 to 40.9 per cent in 1990, and 38.6 per cent in 2006. The projection is that there will be a rise to 49.9 per cent in 2020 and 65.4 per cent in 2030. Figure 3.11 shows the falling figure for the young and the rising figure for the old. It indicates that total dependency is U-shaped. It predicts that the two curves will cross just after the date of 2020.

In 2007 the total dependency ratio was 37.9 per cent, consisting of 26.0 per cent of those under 15, and 11.9 per cent of those 65 and above (Department of Statistics 2007, p. 19). Figure 3.12 shows some corresponding figures for the old age dependency ratio compared with that of in Singapore, for example, 6.0 per cent in Laos, 27.0 per cent in Sweden, and 29.0 per cent in Japan. The old dependency ratio was 24.0 per cent in the United Kingdom, and 18.0 per cent in the United States.

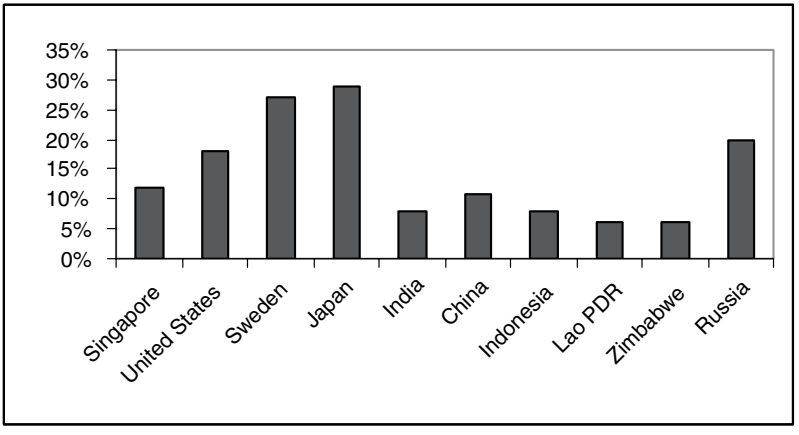
In 1966 the total dependency ratio in Singapore peaked at an all time high of 95.4 per cent. In 1957 it was 81.7 per cent. This was a reflection of a very youthful population where child-dependants formed 77.8 per cent and old-age dependants made up only 3.9 per cent. Foreign labour, both contract and immigrant, will increase value added, compensate for low natural increase, and damp down the dependency rate. Non-residents already make up 21.5 per cent of Singapore's population in 2007: 1,005,500 out of a total population of 4,680,600 (3,145,100 of them citizens). Approximately 462,700 of the population (about 10.0 per cent of the whole) is accounted for by permanent residents who have not become citizens.

FIGURE 3.11
Dependency Ratios of Resident Population: Singapore, 1980–2030



Source: Calculated from Department of Statistics (2007), p. 23; World Bank (2007).

FIGURE 3.12
Old-Age Dependency Ratios: Singapore and Some Other Countries, 2007



Source: World Bank (2007).

Singapore has for some time had a persistent shortage of labour, both manual and skilled. Despite the limited land area (only 682.7 square kilometers, up due to reclamation from 580 square kilometres at independence in 1965), the government is anticipating that there might be a critical mass of 6,500,000 bodies by 2030. It is clear that natural increase will not be enough to bring this about. Replacement migration is the only way to secure the 40.0 per cent rise in the population.

Singapore needs 60,000 live births a year just to maintain its current population size. However, in 2006 only 38,317 babies were born. The number of deaths will outstrip the number of births by 2020. Without immigration, the population will then begin to shrink. The underlying growth in productivity has averaged 2.5 per cent over the last decade. For the economy to continue to grow at 6.0 per cent per annum, the nation needs growth in the labour force of 3.5 per cent each year. In 2007, to sustain a 6.0 per cent growth, an additional 87,300 people were required to fill the new jobs that are being created. Only 52,700 of those net new entrants could be recruited from among the core population of Singapore citizens and permanent residents. This means that Singapore was short of 34,600 people in 2007.

There were 150 people in Singapore when the settlement was founded by Stamford Raffles in 1819. There were two million in 1970. Immigration was the main source of population growth, at least until the Japanese invasion in 1942. Singapore is used to foreigners coming in to settle. Unlike Japan, it has long been a multiracial, multicultural society. The local population has mixed feelings about the influx. Road congestion, overcrowding, competition for jobs, second-tier talent who could not make good at home, social tensions should the ethnic mix change, resentment towards outsiders who resist integration, downward pressure on wages, and upward pressure on house prices are some of the reasons for the dissatisfaction. The government's reply is that the principles of secularism, tolerance, and meritocracy together with the existing agencies of socialization (national service, education, ethnically-mixed housing, Group Representative Constituencies that must include a minority candidate) are robust enough to protect nationhood and ensure cohesion. An entirely separate issue is whether Singaporean poaching is draining poorer countries of doctors, nurses, and skilled technologists. It is a topic related to globalization turned malign which many countries, and not just Singapore, will have to address.

The population of Singapore is growing at the rate of 4.4 per cent per annum. The non-resident population is growing at 14.9 per cent, and the resident population at 1.8 per cent. Among the resident population, the number of permanent residents is increasing at 8.7 per cent per annum. Meanwhile, Singapore citizens are multiplying at the rate of only 0.9 per cent per annum. The result is a decline in the share of Singaporeans in the total population stock, from 86.0 per cent in 1990 to 67.2 per cent in 2007.

While immigration is essential, it should be remembered that large sectors of the domestic population are economically inactive. There are approximately 270,092 retired people and 318,561 female homemakers (18.0 per cent of them with post-secondary education; the figure was only 3.1 per cent in 1990). Drawing these people into the labour force would both raise household incomes and push outwards the production possibilities. Yet the government also wants to encourage family values and increase family size. In that sense public policy will have to reconcile two seemingly different objectives. It sometimes seems unable to make the opposites attract. Income-supplementation, known as "workfare", is paid to employed workers on low incomes. It is not paid to housewives. They are treated as ladies of leisure who do not need the money when their unwaged contribution, not least through caring for older persons in multigenerational households, is, in fact, an indispensable element in Singapore's welfare community.

Material incentives to encourage larger resident families may conceivably be able to reverse the trend. Tax reliefs and prenatalist rebates, infant care subsidies, and outright grants, working mothers' child relief, and grandparent caregiver relief are all intended as incentives to make childbearing and child rearing more attractive. Children from a three-child family have priority in primary school registration. Employees in the civil service and statutory boards can apply for unpaid childcare leave of up to four years. Working mothers who place up to three preschool children in approved centres are paid a childcare subsidy. Those who have to attend to sick children can take up to 15 days full-pay unrecorded leave in a year. Economics itself is on the side of parenting. At 5.0 per cent, Singapore has one of the lowest percentages of employees in the world who are allowed to work from home. The government is now signalling that electronic decentralization (a topic related to work-life balance) is a way of retaining mothers who might otherwise be lost to the labour force. The very high level of computer literacy in Singapore makes such

outworking a practical proposition. It is not just attitudes, but the Internet that will bring Singaporean women into paid employment.

The Singapore Government had earlier used antinatalist policies to cut down birth rates. General education on family planning and low-cost access to demand-led abortion made it easier for parents to keep family size down. Higher priority for small families in the allocation of school places and housing units (core merit goods, disproportionately provided by the State) gave them a focused incentive to do so. Cash benefits were paid to low-income women with a low level of education who had had no more than two children and agreed to sterilization before the age of thirty. Mothers with at least five O-Level passes were, of course, given enhanced child relief for up to three children; and graduate mothers were given priority in selecting the school of their choice. The target was the quality as well as the quantity of children.

In the late 1980s an attempt was made to reverse the policy. The brakes, it was realized, had to come off. Female civil servants were no longer granted one week's leave as an incentive to be sterilized unless (as a proxy for a low level of intelligence) they had obtained not even one O-level pass. Presterilization and preabortion counselling became mandatory for men and women with fewer than three children. Medical savings could be drawn upon to pay for the third hospital delivery. In 2001 the government agreed to pay up to S$20,000 for the cost of maternity leave for the third child — the employer still had to pay for the first two periods of absence, but did not have to cover the salary for the third. More hostels were built for undergraduates and "networking hubs" for civil servants were set up as young people have little time to meet prospective partners once they enter the labour force. Half of the 20.0 per cent down payment for public housing could be deferred as young people were thought to be more likely to marry in their 20s if it became easier for them to buy their own homes. Also in 2001 came the "Children Development Co-Savings Scheme" (the "Baby Bonus"): a cash gift of S$500 a year for six years for the second live birth, S$1,000 a year for six years for the third. It was accompanied by the "Child Development Account" — the government would match any childcare-related savings made by parents by up to a maximum of S$1,000 a year for the second child, and S$2,000 for the third. In Singapore money is not paid for nothing. The babies had to be Singapore citizens.

Birth rates in the 1970s, *post hoc ergo propter hoc*, did what the policymakers intended. Reversing the process proved to be more difficult.

Pigovian subsidization in the late 1980s was the watershed that never was. "Three or more if you can afford it" failed despite the fact that "Stop at Two" had earlier succeeded so well. Given the high cost of raising children in Singapore, the transfers on offer could only be regarded as a top-up and a token. Singaporeans are pragmatic people. They know when the money is not enough.

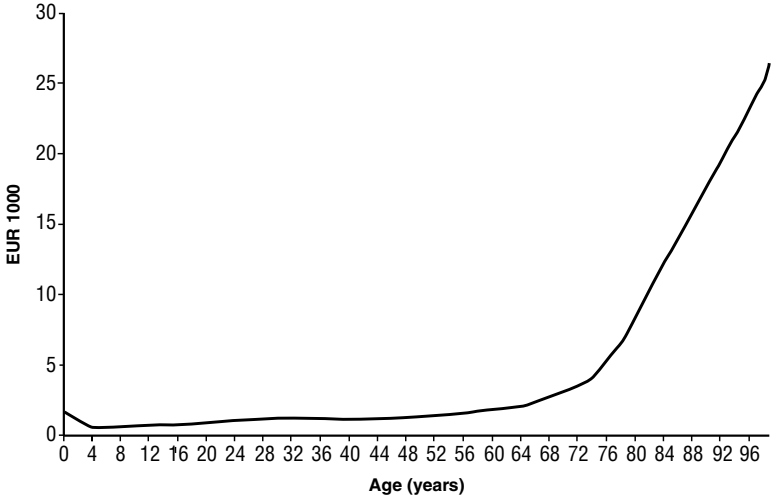
Foreigners and babies lean against the prevailing winds. Whether immigrants plus natural increase will be enough to cancel out the rising absolute burden of very old dependents is less obvious, and even less probable.

The Cost of Growing Old

The OECD (Organization for Economic Cooperation and Development) calculates that per capita health expenditures for the over-65s in its member states are 2.5–5.0 times higher than for the under 65s. The cost is even greater for the over-75s (OECD 1996, p. 53). In Korea older persons, comprising only 5.0 per cent of the population, account for 9.0 per cent of all hospital admissions, and 17.0 per cent of all admissions for chronic diseases (Heller 1999, p. 45). In the United Kingdom in 2001–02 the over-65s accounted for 16.0 per cent of the population, but used up 39.0 per cent of the health care budget. The over-85s cost the most, each old person annually absorbing £3,315 of health care resources when the national average was only £646 (National Statistics 2004). In the United States, older consumers in 2003 spent on average US$3,899 of their own money on health care. The national average for the population as a whole was US$2,574 per annum. The over-65s had three times the number of hospital admissions. They spent an average of 5.8 days per hospital episode. The figure for the nation as a whole was 4.8 (Department of Health and Human Services 2005). The incidence of stroke, on average two per 1,000 of the population in England, rises steeply from fewer than one per 1,000 among people under 45 to more than 15 per 1,000 of the population aged over 85: disabilities are common and necessitate continuing treatment (Kavenagh, Knapp, and Patel 1999, p. 385). It all costs money. Figure 3.13, using data from the Netherlands, shows how rapidly grey beards can grow into Euros.

In Singapore in 1961 the principal causes of death were infective and parasitic diseases (approximately 40.0 per cent), diseases of the circulatory

FIGURE 3.13
The Age Profile of Health Care Expenditure: The Netherlands, 2000

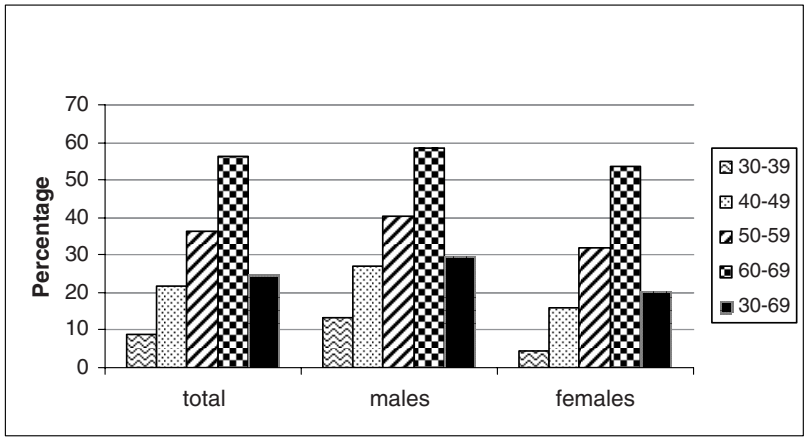


Source: Van Ewijk, Kuipers, ter Rele, van de Ven, and Westerhout (2000).

system (15.0 per cent), diseases of the respiratory system (15.0 per cent), cancer (10.0 per cent) and suicides (10.0 per cent). The picture has changed since then. In 2006 three chronic conditions — cancer, heart disease, and pneumonia — accounted for over 60.0 per cent of all deaths (Ministry of Health, <www.moh.gov.sg>). All three are age-related — both prevalence and vulnerability increase as human capital begins to depreciate. A demographic transition is at once an epidemiological one. It is also a financial challenge. Chronic conditions are more expensive to treat. Old-fashioned malaria can be treated rapidly and cheaply. Chronic and the catastrophic illnesses require capital-intensive diagnosis, protracted therapy, and long-term support once the patient has been sent home from the hospital. Older persons are more likely to impose a burden on health care infrastructure. The data on hypertension as shown in Figure 3.14 make clear the direction of the bias.

About 45.5 per cent of new cases of end-stage renal disorder were those in the 60-plus age group. There were forty-two hip fractures per 100,000 Singaporeans in 1990, but fifty-eight in 1999. The rise of 38.0 per

FIGURE 3.14
Age-specific Prevalence of Hypertension: Singapore, 2004



Source: Ministry of Health (2005): 13.

cent reflected the fact that 83.0 per cent of hospital admissions for osteoporotic hip fractures were for patients aged above 65. Diabetes affected 0.5 per cent of young adults aged 18 to 29 and 8.2 per cent of the population as a whole. For older persons aged 60 and above, the prevalence rate jumped to 28.7 per cent. For high cholesterol, the figures were 5.2 per cent for people aged below 29, and 26.7 per cent for older persons above 60.

About 85.5 per cent of Singaporeans aged between 65 and 74 are suffering from diabetes, hypertension, or high cholesterol. The medication Avandia to control blood sugar can cost S$1,500 for a single year's supply. Approximately one Singaporean in four aged 60 and above has been affected by age-related macular degeneration which is the most common cause of blindness among the over-60s in developed countries, and is also associated with falls, anxiety, and depression. Some Singaporeans are affected by more than one of these conditions (Ministry of Health 2005, pp. 73, 75).

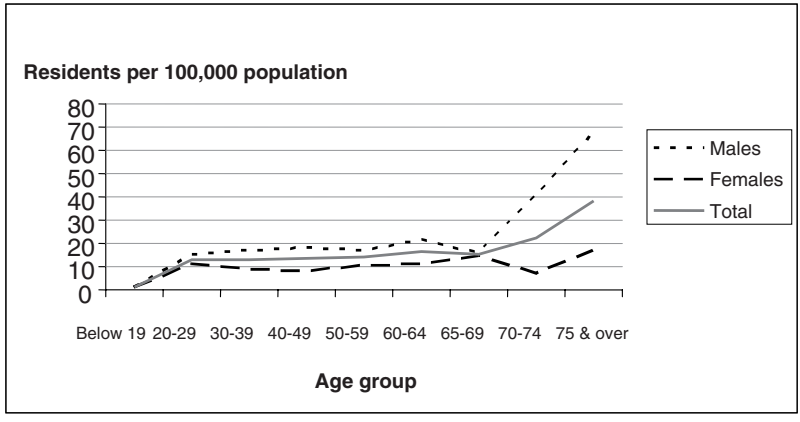
Alzheimer's Dementia affects 5.0 per cent of Singaporeans over 60 years old (2.2 per cent for men, 7.8 per cent for women) and 13.0 per cent of those over 70. Just over 22,000 cases have been diagnosed in the existing population. Some statisticians predict that the number will be 52,600 in

2020, and 187,000 by 2050. In the United States, one in ten people over 65 and five people in ten over 85 suffer from dementia. The total cost of treating them is believed to be over S$220 billion. The drugs to contain Alzheimer's disease can cost approximately S$3,000 a year and treatment must be continuous. Therefore, it can be a heavy burden if an old person with Alzheimer's disease lives on for twenty years.

The suicide rate among the over-60s in Singapore is twice the national average, which in itself is above the figure for the world as a whole. Figure 3.15 shows that the suicide rate for the over-75s is twice to three times that for the middle aged, four to eight times that for the 15–24s. Older people who attempt suicide are fifty times more likely to be successful. From 2000 to 2003, in the age group of 60–79, there were twenty-six suicides per 100,000 men and 13.3 suicides per 100,000 women. The ratio for the population as a whole was 9.3 in 2003 and became 10.3 (419 people) in 2006. The ratio of elderly suicides per 100,000 of the population in the United States and Australia is 10 (Tan 2006).

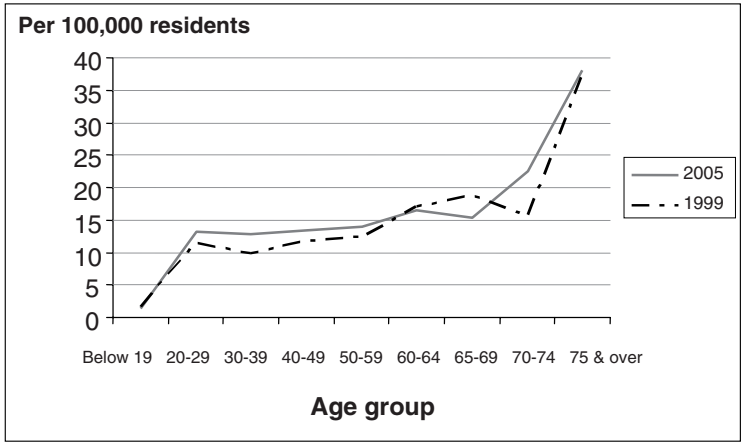
It has been estimated that about 8.0 per cent of the over-60s suffer from depression. It is hard to establish the precise figure because Singaporeans (cultural reticence is not uncommon in East Asia) prefer to complain of

FIGURE 3.15
Suicide Rates by Gender and Age Group: Singapore, 2003



Source: Calculated from Department of Statistics (2004), and Registry of Births and Deaths (2005).

FIGURE 3.16
Comparative Suicide Rates: Singapore, 1999 and 2005



Source: Calculated from Department of Statistics (1998*b* and 2004); Registry of Births and Deaths (1999 and 2005).

aches and pains rather than psychic distress which many regard as a sign of weakness. Because of the stigma, a number of people (especially among men) do not seek counselling in time. It is believed that one in four teenagers and young adults suffers from psychological problems such as anxiety, anorexia, or depression. As with the old, the figure is subject to underreporting. More Singaporeans die committing suicide than from road traffic accidents. That said, more than half the pedestrians killed on the roads in Singapore are over 60.

Older persons suffering from chronic degenerative disease and non-communicable disability are more likely to be bed-blockers. The average length of hospital stay for an older person is 11.3 days, whereas for the nation as a whole it is 4.9 days. Barr estimates that the over-65s in Singapore are admitted 2.8 times as often as patients aged 15–64. They stay 1.66 times as long (Barr 2001, p. 721). Older persons are higher consumers of the two most heavily-subsidized classes of wards: B2 and C. In 2004, the average hospital bills of a class C and a class B2 ward for a patient aged 50–64 were respectively about 1.3 and 1.7 times that of the average hospital bill across all age groups (Ministry of Manpower 2006, p. 27).

In 1998 the over-65s (then 7.0 per cent of the population) accounted for 19.0 per cent of resident patients treated at polyclinics and 32.0 per cent of Singapore hospital days (Department of Statistics 1998*a*). By 2004 their percentage of hospital days had risen to 40.0 per cent (Department of Statistics 2005, p. 51). Older persons were 99.0 per cent of admissions into long-stay institutions. The median public hospital admission rate in 2005 was 75.1 per 1,000 males, 71.2 per 1,000 females. For the over-65s it was 284.4 and 256.6 respectively (Ministry of Health, <moh.gov.sg>). In 1995 the over-65s accounted for 20.0 per cent of admissions into public-sector hospitals. By 2030 this is likely to be 43.0 per cent (Ministry of Health 1999, p. 35).

About 90.0 per cent of hospitalizations occur in the last ten years of a person's life. The typical Singaporean is hospitalized on average eleven times in his lifetime. Of the eleven episodes, eight occur after the age of 55 (Tay 2003, p. 155). Part of the cost can be contained by reforms in the practice of medicine such as a greater reliance on generic drugs (already two-thirds of total drugs prescribed), affordable screening, regular check-ups, take-ups, and follow-ups, early detection by general practitioners, and gerontologists (some of them dialect-speakers), and better equipment such as heart monitoring devices linked electronically to a medical centre. Expensive hospital stays (even in the cheaper C-class beds) can be reduced by day-case surgery and outpatient care from a primary doctor. More generally, health education, reasonable exercise, and a smoking-free lifestyle can make prevention take the place of costly cure. That is the logic behind the Health Promotion Board, the Community Health Screening Programme, the National Healthy Lifestyle Campaign, and other public sector hares that have been started by a government determined to make prevention the cost-effective alternative to cure (Reisman 2006, pp. 137–41).

However welcome, initiatives such as these will only slow down the rise in national health expenditure. They will not make it go away. Estimating the regression for Singapore, Lim, Ow, and Tran calculate that national health expenditure (NHE) is intensely age-sensitive: "When the proportion of the elderly in a population increases by 1.0 per cent, NHE will increase by more than tenfold in both the long run (16.07 per cent) and the short run (11.5 per cent). Older persons use more health care services than any other demographic group and their utilization of health care increases over time (Lim, Ow, and Tran 2005, p. 40). Functional disability (measured by ADLs, "activities of daily living" such as eating,

bathing, dressing, transferring from bed to chair, walking, climbing stairs, toileting) is on the increase. There were 14.4 per cent of adults aged 75 and above dependent on others for at least one ADL in 1985. This increased to 26.3 per cent in 2004. There were 3.4 per cent of adults aged 60 and above requiring assistance in performing at least one of the self-care tasks in 1997. A follow-up study in 2004 found that the figure had risen to 5.0 per cent.

Yadav in 1997 found that 20.5 per cent of Singaporeans aged 60–64 were suffering from some form of disability. The figure rose to 64.6 per cent for those over the age of 85 (Yadav 2001). Arthritis and cognitive impairment were the most common forms of impediment. The rise in this figure for Singapore was in contrast to the experience of the United States and other Western countries, where the prevalence of late-life functional disability is higher than in Singapore, but where the trend is downwards despite the expansion in the cohort (Ng et al. 2006, pp. 26–27). Higher incomes and lengthier education as well as earlier detection and better treatment of chronic conditions may be needed to reduce the proportion even as the absolute burden is bound to rise.

The Share of the State

Singapore has the world's second busiest port and an outstanding airport. It is repeatedly ranked among the top ten countries for its high level of competitiveness and low level of corruption. It is continuing to grow rapidly despite the challenge from low-wage manufacturing countries such as China and Vietnam. Rising living standards have been arguably the most important single cause of improvements in health indicators. Its infrastructure is good and public health policies, general education, health education, control of infectious diseases, clean drinking water, effective sanitation, have all contributed to the good health of its population. And very importantly, so have slum clearance and public housing. The question is whether demographic transition and high cost of old age suggest that the state itself should plan to spend still more on health care.

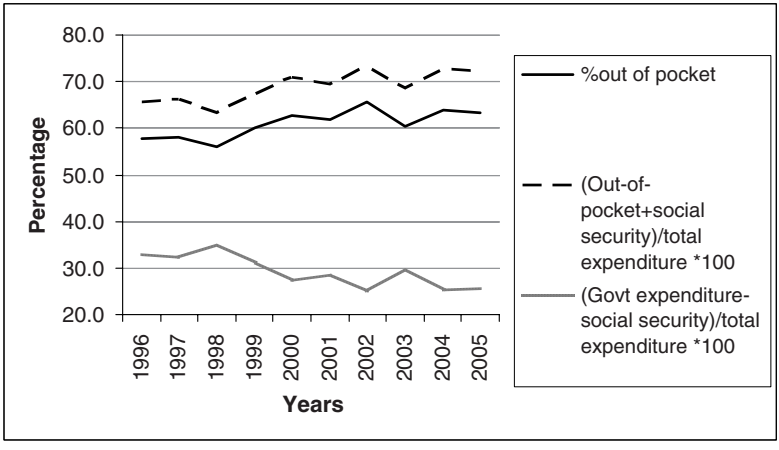
Health care now accounts for about 4.5 per cent of Singapore's gross national expenditure. The equivalent figure for the United States is 15.0 per cent, and for the United Kingdom and Japan 8.0 per cent (World Health Organization 2006). It is hard to be precise since the statistics do not include non-Western medical treatments (such as widely used

traditional Chinese medicine), Singaporeans' medical expenditures abroad, health education, occupational health, or the services of maids when they administer medication to an old person. It is also not clear if the figures include foreign workers, who make up about a quarter of Singapore's labour force.

In 1984 the government covered about three-quarters of the cost of health. The pattern changed rapidly when Singapore introduced medical savings accounts and shifted the burden of responsibility to the people (Reisman 2006, pp. 141–47). Figure 3.17 shows that only just over one-third of health care expenditure — 36.0 per cent — in 2007 is government-financed. Most of the money is spent on subsidies to public hospitals, principally the cheaper B2 and C class wards. About 64.0 per cent of health care spending is individual and private. The figure rises to three-quarters if the data are recalculated to shift mandatory medical savings from the public to the private sector in recognition of the fact that the money is legally the account-holder's own.

In OECD countries the proportions are reversed: about 70.0 per cent of health care spending is public. The figure is 85.0 per cent for Sweden and

FIGURE 3.17
Private and Public Expenditure on Health Care: Singapore, 1996–2005



Source: Calculated from <http://www.who.int/nha/country/sgp/en/>.

the United Kingdom, 81.0 per cent for Japan, and 45.0 per cent for the United States. The percentage of health care that is covered by public spending in Singapore is about the same as in Indonesia and Zimbabwe (35.9 per cent). It is more than Morocco (33.0 per cent) and much more than Senegal (16.0 per cent). Singapore is not a welfare state. Its health care policies are not in the tradition of British social interventionists such as Tawney, Titmuss, and T.H. Marshall (Reisman 2005).

By 2030 the total share of health in the domestic product may be 7.0 per cent (Ministry of Community Development, Youth and Sports 2006, p. 36). This is in line with the calculation (7.3 per cent) made by Low and others (Low, Phua, Toh, and Yap 1996). The OECD average is currently in the range of 8.0 per cent (the United Kingdom) to 10.0 per cent (Portugal). By 2030 the share of public funding may also have gone up. At present only 7.0 per cent of government expenditure goes to health care, narrowly defined. The figure is 14.0 per cent for Sweden, 16.0 per cent for the United Kingdom, and 19.0 per cent for the United States. More goes to education. As the number of children falls, but allowing for the increase in tertiary enrolments and the new emphasis on lifetime reskilling, that, at least, might go down.

The Singapore of 2030 will be a different place from the Singapore at the time of independence in 1965. Old people will have an itinerary of their own. By 2030 they will have turned every constituency into a marginal constituency. Given the coming pressures from the elderly and their sandwiched children, who are unwilling or unable to shoulder the burden, the government is going to have to be very tough: "The avoidance of fiscally unsustainable schemes is politically difficult but crucial" (Holzmann, MacArthur and Sin 2000, p. 11). Ramesh, guessing the long-term future in cautious economies such as Singapore and Hong Kong, thinks that the government will in the end do what the people expect: "Over time, quite probably the city states will resemble the austere Liberal welfare states found in the English-speaking world" (Ramesh 2004, p. 17).

In a sense the transition is inevitable. The legitimacy of the Singapore system has come from its economic success. Rising living standards have meant predictable re-election and social acceptance. The old, however, will be on the fringes of that success. For them, individual prosperity will be bound up, not so much with wealth creation *per se*, as with alienation of the younger generation's surplus value. A Singaporean Young People's Party will have to be formed to resist the older persons'

insistence that they be given more home help, more social work support, more domiciliary services, more income maintenance when the CPF (Central Provident Fund) runs out, an across-the-board national pension plan, and more dementia beds in the Institute of Mental Health because the family is too busy to care. The Hobbesian *bellum* of children against their parents and parents against their children may take the place of the Marxian class struggle of the post-war emergency that in a materialistic society such as Singapore never stood a chance. Just as frightening is the political economy of a grand coalition in which both frail older persons and their harassed children join forces to shift a time-honoured Confucian burden on to the state.

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4

NATIONAL LONG-TERM-CARE SEVERE DISABILITY INSURANCE IN SINGAPORE

Gerald Choon-Huat Koh

To appreciate the issues involved in a long-term-care disability insurance (LTCDI) scheme, one must first understand the nature of disability in older persons: its epidemiology, the natural progression, and prevention. These issues will be discussed in the first part of this chapter, followed up by a brief overview of LTCDI schemes around the world. However, for the second part, Singapore will be used to contextualize the discussion on the non-financial aspects of such schemes (that is, social, rehabilitative, costs of care, life expectancy, and public policy considerations).

Epidemiology of Disability in Older Persons

Disability is often associated with older persons, especially the old-old (age 75 years and above). Frailty and disability among older persons accounts for the burden of care often feared by governments of countries with an aged population, defined by the Population Division of the

Department of Economic and Social Affairs, United Nations, as when 10 per cent or more of its population is aged 60 years and above (United Nations 2002). In the United Kingdom where 20 per cent of its population is aged 60 years and above (UK National Statistics Online 2001), a study by Melzer et al. (1999) found that 15.7 per cent of those aged 65 years and above was disabled and that there were three times more disabled persons aged 75 years and above (old-old) than those aged 64 to 74 years (young-old). In Singapore, where only 8.5 per cent of its population was aged 65 years and above in 2006 (Ministry of Health 2006), a study by Yadav in 1997 found that 20.5 per cent of Singaporeans aged 60–64 years was handicapped whereas 64.6 per cent of those aged above 85 years was handicapped (Yadav 2001). He also found that both the incidence and severity of handicap increased with greater age. Yadav had defined a handicap as "a limitation to perform one or more tasks associated with daily living (namely self-care, mobility, and verbal communication) due to a disability", which was based on the World Health Organization's (WHO) definitions used in the International Classification of Impairments, Disabilities, and Handicaps (ICIDH).

These findings are in contrast to the national survey of community-living non-institutionalized senior citizens aged 55 years and above, done two years earlier in 1995, which found that the prevalence of disability in activities of daily living (ADL) was low among the study population: only 1.9 per cent of those studied needed supervision or assistance in mobility, and 2.0 per cent was dependent for toileting, 1.1 per cent for feeding, 2.7 per cent for bathing and grooming, and 1.1 per cent was incontinent (National Advisory Council on Family and Aged 1995). However, when analysing those aged 75 years and above, 6.0 per cent needed supervision or assistance in mobility, and 6.0 per cent was dependent for toileting, 3.7 per cent for feeding, 8.1 per cent for bathing and grooming, and 3.7 per cent was incontinent. These percentages would have been higher if older persons living in sheltered or nursing homes were included in the study. The significant difference in prevalence rates of disability between Yadav's study and the one by the National Advisory Council on Family and Aged is probably due to the different definitions of disability used. This illustrates the need to specify the defining criteria for disability when comparing national prevalence rates between countries.

Unrelenting Decline or Dynamic Recovery?

The disability status of an older person is also not static. Hardy and Gill (2004) found that 81.0 per cent of newly disabled community-dwelling older persons aged 70 years and above regained independence in four key ADLs (bathing, dressing, walking, and transferring) within twenty-one months of their initial disability episode, and a majority remained independent for at least another six months. Moreover, older persons may experience several episodes of disability in their lifetime with recovery after each episode. Hardy and Gill reported in another paper that they had assessed ADL function in the abovementioned cohort on a monthly basis (Gill, Hardy and Williams 2002). They defined the prevalence rate of disability as the number of participants who reported disability for that month divided by the number of participants who had a telephone interview that month. In addition, the cumulative rate of disability was defined as the number of participants who reported disability in that month or any preceding month divided by the number of all active participants and those who had developed disability before being censored for reasons of death or loss to follow-up. They found that the cumulative rate of disability was two times higher than the prevalence rate of disability in older persons at low risk of disability and five times higher in those at high risk of disability.

Their findings suggest that disability in older persons is a highly dynamic process that may be inadequately characterized by surveys with long assessment intervals. Disability for many older persons is probably more a result of potentially reversible events such as falls and delirium, than of progressive disorders such as Alzheimer's disease.

It should be pointed out that the study of Gill, Hardy, and Williams (2002) was based on self-reported ADL data and a person was considered disabled only if they needed help or was unable to complete one of the four assessed ADL tasks, namely bathing, walking, dressing, and chair transfers. Thus, their study did not distinguish between mild and severe disability, and mild disability was probably more prevalent among the participants as they were living in the community and able to talk on the telephone. In fact, the authors acknowledged in their paper that their findings may not be applied to permanent severe disability that secondary to causes such as a stroke, or a relentless progressive disease such as Parkinson's disease.

Can Disability in Old Age Be Reduced?

With the old-old being the fastest growing segment of the world's population (United Nations 2005) and in Singapore, disability rates among older persons are projected to increase significantly. A common question asked is whether early detection and treatment of chronic illnesses (for example, hypertension, diabetes, hyperlipidaemia) that lead to disability (for example, a stroke) can reduce the rate of disability. In the United States, where the life expectancy of people 80 years or older is one of the highest in the world (Manton and Vaupel 1995), Manton and associates have found significant declines in chronic disability rates of 0.26 per cent per year among older persons in the United States from 1982 to 1989, using the U.S. National Long-Term Care Surveys (NLTCS) (Manton, Corder, and Stallard 1993). Repeat NLTCS in 1994 and 1999 found that rate of disability continued to decline in the following ten years and that the decline was greater in the 1990s than in the 1980s (0.38 per cent per year from 1989 to 1994 and 0.56 per cent per year from 1994 to 1999) (Manton and Gu 2001). There have been several speculations to account for the decline in the rate of disability among older persons, such as a concomitant decline in the prevalence of chronic conditions such as hypertension, cholesterol levels, and smoking rates in the United States during the same period (Manton, Corder, and Stallard 1997).

However, a recent systematic review found no conclusive reason for the decline in disability rates and recommended further research into the causes for these improvements to understand the future implications for health care demand among older persons (Vicky, Martin, and Schoeni 2002). Nevertheless, it must be noted that although the rate of disability has decreased in the United States, the absolute number of disabled Americans aged 65 years and above has increased from 6.4 million in 1982 to 7.3 million in 1996, because of the increase in the number of older persons during the same period. Moreover, among the disabled community-living elderly in the United States, spending growth among the least disabled is growing more quickly than among the most disabled, which offsets some of the cost savings associated with declining disability rates (Chernew et al. 2005).

It should also be noted that Manton defined a disability as the inability to perform one or more IADL (Instrumental Activity of Daily Living) due to illness or ageing or the inability to perform one or more ADL without

personal assistance or the use of special equipment (Manton, Corder, and Stallard 1993). Thus, the severity of ADL disability was not considered in his studies.

In Japan, which has the highest proportion of older persons in Asia, and whose standard of health care is similar to that of the United States, Okochi (2005) found that the rate of mild disability among older persons was increasing while the rate of severe disability was decreasing. This has implications on Japan's long-term-care insurance system because it currently focuses on funding care of older persons with severe disability, and not on services that prevent or delay the progression to severe functional disability.

Health Care Expenditure in an Ageing Population

The health care cost for an ageing population is a major issue that most countries are facing as the global population ages. Singapore is no exception as it is one of the fastest ageing countries among the Association of Southeast Asian Nations (ASEAN) and its population aged 65 years and above is projected to increase from 8.5 per cent in 2006 to 18.9 per cent by the year 2030 (Ministry of Community Development and Sports 2000). As older persons utilize health care services at a higher rate than the general population, the implications for health care expenditure is exponential. For example, in 1995, although older persons aged 65 years and above made up only 6.8 per cent of Singapore's population, they accounted for about 19.0 per cent of the attendance at government primary health care centres; 11.0 per cent of the attendance at government specialist outpatient clinics; 20.0 per cent of admissions to public hospitals; 69.0 per cent of admissions to community hospitals, and 99.0 per cent of admissions to nursing homes (Ministry of Health 1999). The effects of an ageing population on acute and long-term health care spending also differ slightly as life expectancy increases. Studies on the ageing U.S. population by Spillman and Lubitz (2000) showed that acute care expenditure on hospital care and physician services will increase at a decelerating rate compared with expenditure on long-term care which will accelerate as the age of death increases. This has significant implications for policymakers to plan for economically sustainable long-term care of its older population.

Long-Term-Care Disability Insurance Schemes

Global Perspectives

Long-term-care disability insurance (LTCDI) has been considered a practical solution to escalating health care costs due to ageing populations. However, an international review of the availability of national long-term-care insurance schemes revealed that only a few countries have such a provision. Such countries include Japan (Matsuda 2002), Germany (Evers 1998), Israel (Borowski and Schmid 2000), and Singapore. In United States, long-term-care insurance is mainly private, paid through out-of-pocket expenses, with the large majority of Americans not protected from the costs associated with long-term care (Rice, Thomas and Weissert 1991). U.S. President Clinton attempted to institute a social insurance plan for older persons and those in need of long-term care in 1993. However, the plan did not pass Congress and only a few states have implemented long-term-care insurance programmes (Kane and Kane 1994). This outcome is unfortunate because a nationwide poll by the Gallup Organization reported that seven out of eight Americans (87 per cent) believe that the White House and Congress should pay more attention to financing the cost of long-term care (American Health Care Association 1993).

Among all the available literature on national long-term-care insurance schemes, Japan's system is the most widely published (Lai 2001; Shirasaya et al. 2003; Arai 2004; Arai et al. 2004; Horiguchi et al. 2004). Japan implemented a mandatory, social long-term care insurance (LTCI) system in April 2000. To receive LCTI services, an older person or his/her caregiver contacts the municipal government to have the applicant's care needs officially certified. The certification process starts with an initial assessment by a trained local government official who visits the home to evaluate nursing care needs, using a questionnaire on the person's current physical and mental status, and use of medical procedures. The physical status is assessed on five dimensions: paralysis and limitation of joint movement, movement and balance, complex movement, conditions requiring special assistance, and conditions requiring assistance with activities of daily living (ADLs) and instrumental activities of daily living (IADLs). The mental status is assessed on two dimensions: communication and cognition, and behavioural problems.

The use of medical procedures is also assessed and these include use of intravenous infusion, intravenous hyper-alimentation, dialysis, stoma care, oxygen therapy, artificial ventilation, tracheostomy care, pain care,

nasogastric tube feeding, vital signs monitoring, decubitus care, and incontinence care. Time spent to perform six ADLs (grooming, bathing, dressing, toileting, transferring, eating), time required in assistance in IADLs, time spent managing behavioural problems, and time spent on rehabilitation and use of medical services are also estimated. The results are entered into a computer software programme and a care-needs level is assigned, based on the estimated total minutes of care required by the individual per day. The assigned care-needs level determines the amount of services covered and subsidy given (Tsutsi and Muramatsu 2005).

The LTCI system and its needs-assessment and certification system have been well accepted in Japan, but further challenges remain. There is variability in the care-needs assessments and assignment of care-needs levels and this is currently being addressed by auditing municipalities with high rates of disagreement between initial and final care-needs assessment. The second challenge is that Japan's LTCI needs-assessment process has been criticized for underestimating the time needed to care for older persons with behavioural problems of dementia because of their increased need for supervision (Arai et al. 2003; Ito et al. 2001). As a result, since 2003, the needs-assessment computer model has been revised to include an indicator of dementia status which prompts the certification board to raise the applicant's needs level beyond the level assigned by the computer.

Germany introduced their LTCDI in 1995 and, like in Japan, it assesses a wide range of fifteen activities of daily living and takes into account the time spent on caring (Harringtin et al. 2002). It also uses a graded system of care required to determine the monthly quantum of payouts. In addition to cash benefits, informal caregivers receive payments into their own pension insurance funds if they provide more than fourteen hours of care per week, as compensation for those who give up or reduce the number of hours they worked. However, unlike Japan's LTCDI scheme, it does not take into account the additional care needs of older persons with impaired cognition or behavioural problems.

ElderShield: Singapore's LTCDI Scheme

In 2002, Singapore launched its national elderly LTCDI scheme called ElderShield to protect its citizens against severe disability. ElderShield is an actuarial insurance scheme in which citizens are automatically enrolled at the age of forty unless they choose to opt out. The monthly premiums

are deducted from their personal national medical savings account called Medisave until the participants reach the age of 65. A single premium scheme is also available in which a participant pays a lump sum instead. Hence, the sustainability of ElderShield is not a major issue as premium payments are directly paid by members. It is not a social insurance scheme and those who have pre-existing disabilities are not eligible to join ElderShield. The government's role is only in policy formulation and the regulation of the private service providers, with the first two being the Great Eastern Life Assurance Company and NTUC Income Insurance Co-operative.

For Singaporeans who are not eligible to join ElderShield because of the age limit (70 years) or pre-existing illness, another social insurance scheme called the Interim Disability Assistance Programme for the Elderly (IDAPE) is available. Thus, IDAPE covers Singaporeans aged 70 and above at the launch of ElderShield, and those aged between 40 to 69 who already suffered from pre-existing disabilities at the time.

IDAPE is fully funded by the government and those eligible do not need to pay any premiums. Unlike ElderShield, IDAPE is means-tested as it is mainly to help low-income older persons who were already severely disabled during the implementation of ElderShield. For both these schemes, a fixed payout is given every month until the claimant dies and up to a maximum of sixty months (five years), and only one single cut-off level of disability is used to qualify claimants for payouts. Participants are eligible for payouts when they require substantial help, or are considered as good as not able to perform at least three of the following six ADLs: feeding, transferring from bed to chair, toileting, dressing, washing, and mobility. A medical professional is required for claim assessment and the assessing doctors must first be trained and certified. There is no formal assessment of mental status although the assessor is supposed to take into consideration any cognitive impairment that may be limiting execution of ADLs. The use of medical procedures such as intravenous therapy, dialysis, and stoma care is also not factored into the assessment, but the guidelines state that claimants on parenteral feeding or on diapers/urinary catheters are considered not able to feed or toilet at all respectively. The time taken to perform ADLs is also not taken into account (Ministry of Health, Elderly and Continuing Care Division 2002).

In 2007, ElderShield was reviewed by the Ministry of Health, and the scheme was reformed in three main ways (Ministry of Health press release, 19 June 2007). First, a third insurer (Aviva Limited) entered the market to compete with the two incumbents for the provision of this scheme. The

third insurer had proposed the most competitive premium bid, and the other two incumbent insurers have agreed to match these premium rates. The addition of a third insurer was to provide Singaporeans with more choice and it is believed that the greater competition will improve services and keep premiums competitive.

Second, ElderShield payouts were increased. All Singaporeans who turned 40 years old from September 2007 were offered, on an opt-out basis, a new Basic ElderShield which pays $400 per month in cash, for up to six years (for a maximum potential payout of $28,800). This represented a significant 60 per cent improvement over the current Basic ElderShield payout of $18,000 ($300 per month for up to five years). Existing ElderShield policyholders can now choose to remain with their insurer on their previous ElderShield scheme ($300 monthly payout for up to five years) or upgrade to the new Basic ElderShield scheme ($400 monthly payout for up to six years) with some additional premiums payable.

Third, ElderShield now allows supplements. Subscribers to Basic ElderShield who prefer and can afford higher coverage, can buy ElderShield Supplements from any of the three insurers. Medisave can also be used to pay part or all of the premiums for the ElderShield Supplements, but subject to a maximum withdrawal limit of $600 per insured per year. At this withdrawal limit, the bulk of Singaporeans below age 50 will be able to top up their Basic ElderShield with an ElderShield Supplement for a total potential payout of $1,000 per month for up to ten years (for a maximum potential payout of $120,000).

Since the inception of the IDAPE scheme, about 7,500 elderly Singaporeans with severe disabilities have benefited from IDAPE payouts. With the recent announcement by the Ministry of Health to extend the payout period for IDAPE claimants from five to six years, the surviving 3,700 Singaporeans with severe disabilities immediately benefited from the extension of payout period (Ministry of Health, press release, 5 July 2007). This cost the government an additional amount of $10 million (Ministry of Health press release, 5 July 2007).

Considerations when Designing a National LTCDI Scheme

Social Issues

One of the roles of society and government is to care the poor and disadvantaged. The chief aim of any LTCDI scheme is to alleviate the

personal and national burden of cost of care for this sector of the population, as the middle and upper classes would be able to care for themselves. There are many disability insurance schemes offered by insurance companies so a national LTCDI should have the additional function of providing a safety net for those who cannot afford, or are unaware of, the benefits of such schemes. Such LTCDI schemes should also leverage the large number of policyholders to obtain the best returns on money invested.

The ElderShield scheme recognizes this need and is best exemplified by the continuing review and reform of payouts (both in quantum and duration) and the provision of supplements. Allowing opting-out promotes personal freedom, but may reduce protection of low-income citizens who should be benefiting from such national LTCDI schemes. When ElderShield was first launched in 2002, the opt-out rate was relatively high at 38 per cent. It then decreased significantly and was only 14 per cent in 2006 (Wong 2007).

Rehabilitation

After an acute disabling event such as a stroke, a newly disabled person cannot apply for an ElderShield payout until after his motor recovery has plateaued with rehabilitation. This policy makes intuitive sense because about two-thirds of stroke patients experience some degree of motor recovery after a stroke and may be well enough to function normally after rehabilitation. However, this assumption is predicated on whether the disabled person receives rehabilitation in the first year of the post-stroke recovery period. Most stroke patients in Singapore enjoy subsidized inpatient rehabilitation, whether in a tertiary hospital or community hospital. However, with the advent of Diagnosis Related Groups (DRG) and limited funding of community hospitals, subsidies for post-stroke patients cease after six weeks and many return home to continue rehabilitation on an outpatient basis. Currently, post-discharge rehabilitation is only subsidized if patients meet means-testing criteria and there is no system to ensure that all patients who may benefit from it actually receive it.

A study on the functional recovery of stroke patients in Singapore up to one year after a stroke found that most patients plateau in their stroke recovery by the third month (Koh et al. 2006). This is in sharp contrast to Scotland where stroke recovery does not plateau until one year (Andrews et al. 1981) and Denmark where stroke recovery plateaus in six months

(Jorgensen et al. 1995). A probable reason for this discrepancy is that there is poor compliance to outpatient rehabilitation after discharge from hospitals. Only 25.3 per cent of patients in Singapore went for prescribed outpatient rehabilitation one month after hospital discharge (despite being advised and referred) and this dropped to 19.0 per cent by the end of one year. The percentage of post-stroke patients who continued unsupervised rehabilitation at home was only 66.3 per cent one month after discharge and dropped to 52.5 per cent after one year.

In Scotland and Denmark, outpatient rehabilitation is subsidized and rehabilitation centres ensure that patients continue rehabilitation until deemed unnecessary to continue. Although reasons for the poor compliance to post-stroke rehabilitation were not determined in the study, a likely reason based on anecdotal evidence and personal experience is the cost of outpatient rehabilitation. Studies have shown that the continuation of rehabilitation months to years after a stroke continues to improve functional recovery, self-esteem and depression (Werner and Kessler 1996; Tangeman, Banaitis and Williams 1990; Wade et al. 1992).

Moral hazard problems could be another reason as rehabilitative measures may be withheld by family to facilitate the functional decline of the insured and hasten eligibility for payouts. Further research is needed to find out why post-stroke patients are not compliant with outpatient rehabilitation, and effective measures are needed to facilitate acutely disabled persons to continue rehabilitation, recover function, and retard further de-conditioning. This is vital in order to minimize the national burden of physical disability and functional dependence.

Life Expectancy

Life expectancy after the onset of severe disability is another major consideration, especially for policyholders if the payout duration of a scheme is limited. ElderShield and IDAPE only give payouts for a maximum duration of five to six years. An argument is that a person who is maximally dependent in three ADLs may live far beyond the maximum payout time limit of six years, and many dependent older persons may find themselves without the financial aid they have previously been dependent upon at a most critical and dependent stage in their lives.

Although there are only a few studies on the relationship between onset of severe ADL disability and subsequent life expectancy, a published study on the relationship between ADL disability and time of death by

Rockwood et al. (1999) appears to support this argument. In 1991–92 and 1996–97, Rockwood randomly sampled 9,008 community residents in Canada and collected self-reported data on their functional status and clinical assessment on dementia and cognitive impairment with no dementia (CIND) using the Diagnostic Statistical Manual (3rd Version, Revised) (DSM-III-R) criteria. They found that out of those who required assistance in one or more ADLs, had CIND or incontinence (bladder and/or bowel), 70.0 per cent were still alive after sixty months (five years). Of those who were totally dependent in two or more ADLs, had dementia, or bladder/bowel incontinence, 50.0 per cent were still alive at the end of five years. In a recent study by Slot et al. (2008), it was found that 34.0–36.0 per cent of stroke patients with severe disability (Rankin Scale Score = 5) survived for at least six years post-stroke.

The findings of Rockwood et al. and Slot et al. are in contrast to those in studies by Walter et al. (2001) and Inouye et al. (1998). For example, Walter et al. followed up on 1,495 hospitalized patients aged 70 years and older for one year after discharge to develop and validate a prognostic index for one-year mortality in older persons. They found that 33.0 per cent of patients who were dependent in one to four ADLs had passed away after one year, while 54.0 per cent of those dependent in five ADLs were dead at one year, using the Katz index (Katz et al. 1963).

In another study by Inouye et al. on 207 hospitalized patients aged 70 years and older, it was found that 51.0 per cent of patients who reported that they needed physical assistance with at least one of seven ADLs (that is, feeding, bathing, grooming, dressing, toileting, transferring, or walking) were dead upon discharge at the end of two years. They also found that among those who were impaired in their ability to walk half a mile, and up or down a flight of stairs upon discharge, there was a 51.0 per cent mortality rate at two years.

While the life expectancy of subjects in these two studies appears shorter than those in Rockwood et al.'s and Slot et al.'s studies, we must keep in mind the former two studies' limitations. The two studies analysed life expectancy from the date of hospital discharge, and not after the onset of disability, the latter being a crucial detail needed to determine life expectancy for the purpose of LTCDI schemes. In addition, Walter et al.'s study used the Katz Index which only has a 3-point scale to categorize severity of disability [(1) independent, (2) assistance required and (3) unable to perform ADL] and the index has been criticized as being insensitive because of the narrow scale used (Spector and Takada 1991).

In summary, currently available studies on the relationship between disability and life expectancy suggest that about a third of ElderShield recipients may survive beyond the payout limit of six years.

Cost of Care

Calculation of the payout quantum should not only consider premiums paid and claim rates, but also the cost of care at different stages and degrees of disability. A local study on cost of care of patients with psychiatric conditions suggested that the cost of care is highest for those with moderate dementia rather than for those with mild or severe dementia (Kua et al. unpublished data).

One also needs to consider whether the disabled person needs institutionalization where the cost of care is much higher. In a study by Lubitz et al. (2003), the health care expenditure from age 70 until death for an institutionalized older person is shown to be almost two times that for a non-institutionalized older person. The average cost of health care per year for institutionalized older persons is also three times higher than that for non-institutionalized older persons with ADL limitation. And yet, the total cumulative health care expenditure from 70 years till death for those non-institutionalized with ADL limitation is 1.5 times higher than that for those institutionalized, because the life expectancy after disability is four times longer among the non-institutionalized than the institutionalized.

In a study by Joyce et al. (2005), they found that although a 65 year old with a serious chronic illness spends US$1,000 to US$2,000 more per year on health care than a similar adult without the condition, the cumulative health care expenditure is only modestly higher for the chronically ill because of their shorter life expectancy. Hence, cost of care after disability is a complex function of life expectancy after the onset of disability, and the degree of disability, and the relationship between cost of care and degree of disability is not simply linear. The basis for payout eligibility criteria should be based on local contemporaneous empirical research on the intricate relationship between cost of care, degree of disability, and life expectancy.

However, to date, there has been no local published data on the cost of care of persons of different degrees of disability or on the adequacy of Singapore's LTCDI in meeting the financial needs of disabled persons. Such studies should capture direct cost, indirect cost (for example, the loss

of income for a caregiver from exiting the workforce to care for a disabled person) and intangible cost (for example, the psychological and physical burden of caregivers). Even if such data were available, cost of care studies should be repeated at least every decade to adjust for inflation and rising health care costs.

Public Policy

Singapore has used private insurers to run the scheme to promote private sector participation and competition. However, this practice requires the government to ensure that company profitability is fair and not excessive. Even though market forces are allowed to determine insurance premiums and payouts, independent financial advisors should also audit the accounts and profitability calculations to ensure this. Newly implemented LTCDI schemes should be integrated to existing health care and financing schemes and policies.

For example, it may make more financial sense to pay for long-term-care insurance premiums for indigents before disability, than to pay for care after disability onset. In Singapore, the safety net for persons who cannot afford health care is called Medifund. It is a fund which pays fully for the health care of the indigents if they are eligible. It is probably more cost-effective to use Medifund to pay for LTCDI premiums for such indigents *before* they become disabled than to pay fully for long-term care *after* disability occurs. Lastly, successful long-term outcomes from LTCDI insurance schemes require periodic, rigorous monitoring years after implementation. In this respect, ElderShield has done well because ministerial level committees are convened every five years to review policies and programmes for successful ageing, and this includes a review of the LTCDI scheme. In fact, in the recent Committee of Ageing Issues Report on the Ageing Population (2006), the committee noted that only 1,350 out of 710,000 policyholders had benefited from ElderShield payouts and called for a review of the scheme, which resulted in reform processes in 2007.

Conclusion

LTCDI has been considered a practical solution for countries facing escalating health care cost due to an ageing population. Such schemes

should have a social perspective to meet the financial needs of the poor who are more likely to become disabled and most disadvantaged when disabled. Active rehabilitation is important to maximize functional recovery and minimize the national burden of disability. Payouts should not only consider premiums paid and claim rates, but also the cost of care for different degrees of disability and whether institutionalization is needed. Life expectancy after onset of severe disability is another major consideration. If private insurers are used, governments must ensure that company profitability is not excessive and that the scheme does not supersede the broader national objective of providing financial assistance to the disabled elderly. Such schemes should also be integrated to existing health care and financing schemes and policies. Lastly, successful long-term outcomes from LTCDI schemes require periodic rigorous monitoring years after implementation.

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5

SOCIAL SECURITY AND HEALTH CARE FINANCING FOR OLDER PERSONS IN THAILAND
New Challenges

Kusol Soonthorndhada

Rapid mortality decline and the resulting higher life expectancy in many countries occur because of progress in medical technologies and improved health facilities, services and sanitation. Coupled with the concurrent rapid fertility decline, the fast decline in death rate has resulted in ageing populations everywhere in the world. The number of older persons in Asia and the Pacific region, particularly Thailand, is growing at an exceptional rate.

In the twenty-first century, population ageing has become a global phenomenon: the proportion of older persons in the world increased from 8.2 per cent in 1950 to 10.0 per cent in 2000. It is projected to increase to 15.0 per cent and 21.0 per cent in 2025 and 2050, respectively. In Southeast Asia, the number of older persons increased from 11.4 million persons in 1950 to 40.3 million in 2000, and 203.5 million in 2050. In other words, the

number of older persons in Southeast Asia grew 6.7 per cent annually from 1950–2000 and will accelerate in the first half of the twenty-first century to 8.7 per cent annually from 2000–25, and to an even faster rate of 11.4 per cent annually from 2025–50. Moreover, from 2000–50 the number of older persons in Southeast Asia will increase by about 163.2 million, more than five times the increase (about 29.0 million) from 1950–2000. (UNFPA 2006).

It is evident that population ageing will be seen as an emerging issue, with the challenge being both the larger number of older persons, and a more uphill task in dealing with the ageing situation in the first half of the twenty-first century. Various challenges arising as a result of the ageing population are rising demand for health services, growing requirements for long-term care, declining family support, and increasing needs of income and social security. Furthermore, rapid ageing in Southeast Asia is also accompanied by its concurrently undergoing economic, social, political, and technological transitions. Thus, population ageing in Southeast Asia has raised many fundamental questions such as: How do the older persons remain independent and active economically in order to reduce the burden on the younger population? How will the government change the financing of health care services and social security systems? Will the rapid increase of the proportion and number of older persons bankrupt the health care services and social security system, and how will political factors influence policies in financing older persons?

Social security is the security provided by the state or society to vulnerable groups of people consisting of young children, older persons, the sick, the disabled, and others. Older persons represent a large and growing vulnerable group, and their vulnerability increases with age. They become increasingly more dependent on other people. As society ages, the demand for social security will increase and the burden of social security system will become increasingly heavy, and may eventually become unbearable. How to tackle this problem is the question for policymakers and social security administrators.

This chapter presents an overview of the ageing situation and policy response in Thailand to prepare for its ageing society. It focuses on individual financing status and their social support; discusses how the social security systems and health insurance systems for the aged are responding to the pressure of an ageing population, including how these systems can be planned to improve the well-being of future older persons.

Demography of Population Ageing in Thailand

The number of older persons in Thailand during the last quarter of the twentieth century grew at 3.7 per cent per annum. It was among the highest in the East and Southeast Asia regions, and the second most aged population in Southeast Asia after Singapore (UNFPA 2006). The number of older persons in Thailand, defined as those aged 60 and above, has increased from 1.3 million (4.6 per cent of the whole population) in 1960 to 5.7 million (9.5 per cent) in 2000, and 6.7 million (10.5 per cent) in 2005 (National Statistical Office 1960 and 2000). It is projected that the number of Thailand's older persons will continue to increase at a rapid rate and its proportion will increase to 17.0 per cent in 2025. The median age of the population has meanwhile increased from approximately 18.0 years in 1960 to 30.5 years in 2005, and will be up to 34.1 years in 2025 (United Nations 2006). Based on international standards, any country having 10.0 per cent of its population over 60 years of age and above, or having a median age of population of 30.0 years upwards, is deemed an ageing society. Therefore, Thailand has become a rapidly ageing society (see Table 5.1).

TABLE 5.1
Total Populations, Older Persons, and Median Age of the Total Population: Thailand, 1975–2025

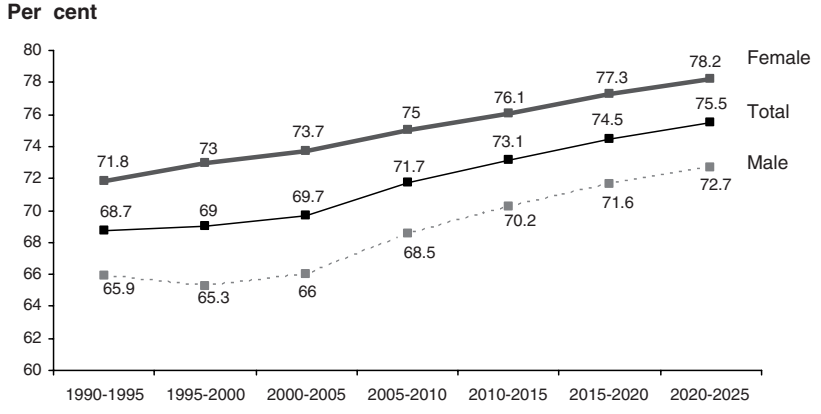
Years	Total Populations (in thousands)	Population aged 60 years and above		Population aged 80 years and above		Median Age
		Number (in thousands)	Per cent	Number (in thousands)	Per cent	
1975	41,292	2,072	5.0	118	0.3	18.2
1980	46,334	2,406	5.2	147	0.3	19.5
1985	50,612	2,821	5.6	179	0.4	21.3
1990	54,639	3,432	6.3	217	0.4	23.4
1995	58,336	4,441	7.6	274	0.5	26.1
2000	61,438	5,704	9.3	400	0.7	28.9
2005	64,233	6,718	10.5	543	0.8	30.5
2010	66,785	8,032	12.0	751	1.1	32.3
2015	69,064	9,841	14.2	1,000	1.4	34.1
2020	71,044	11,855	16.7	1,287	1.8	35.8
2025	72,635	13,958	19.2	1,537	2.1	37.4

Source: United Nations (2006).

Older persons in Thailand also live longer, just like those living in other countries. The life expectancy at birth of female older persons was 7.0 years longer than the male, as male older persons had 68.0 years of expected life from birth, while the female had 75.0 years in 2006 (UNESCAP 2007). If both genders survive until 60.0 years of age, life expectancy at age 60.0 will be 19.0 years for male and 22.0 years for female. According to the United Nations' projection (United Nations 2006), life expectancy at birth is expected to increase to approximately 73.0 years for male, and 78.0 years for female elderly, by 2025 (see Figure 5.1).

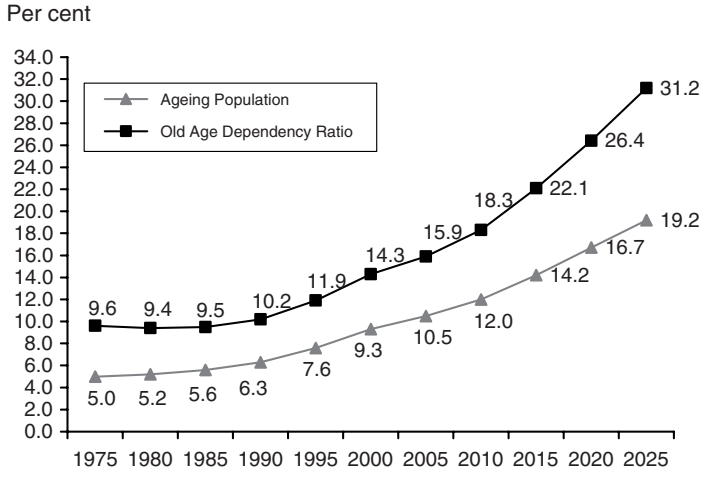
The change in age structure, with the rising number and percentage of older persons, has altered the balance between the number of dependents and supporters of older persons. A popular method to measure the balance is the so-called potential support ratio or the inverse of the old-age dependency ratio. The old-age dependency ratio is the ratio of the population aged 60 years and above to the working age population (15–59 years). In 2005, the old-age dependency ratio in Thailand was 15.9, meaning that every 100 working age persons had to support approximately sixteen older persons. The ratio is likely to increase to approximately 31.2 in 2025 (see Figure 5.2).

FIGURE 5.1
Life Expectancy at Birth: Thailand, 1990–2025



Source: United Nations (2006).

FIGURE 5.2
Trends of Old Aged Population and Aged Dependency Ratio: Thailand, 1975–2025



Source: United Nations (2006).

This significant demographic change has triggered off the sudden realization of the inadequacy of the existing services and support system for older persons amidst changing socio-economic situations. This realization results in the immense need to design the appropriate social services and social security system to cope with the ageing society as soon as possible. The design is needed to build a stable society and accomplish the steady development of the country.

In Thailand, however, ageing is still regarded primarily as a family concern and official national policies for older persons are not clear on old-age social security and finance. The government's growing awareness of the emerging challenges is reflected in the increased priority given to issues relating to older persons. According to the Vienna Assembly on Ageing (1982), Thailand had earlier developed a National Long-term Plan of Action for Older Persons (1986–2001). This plan covered health, education, income and employment, and socio-cultural aspects. Later, a Working Committee on Policy and Action for the Older Persons was set up to formulate the essence of the long-term policies and measures for older persons (1992–2011) to help accelerate welfare actions of state organizations. The Constitution (1997) included the provision that older

persons with insufficient income have the right to receive aid from the government and the government shall provide aid to older persons and other vulnerable groups. Later, the National Commission on the Older Persons formulated the Second National Plan for Older Persons (2002–21) which focused on the preparation for quality ageing, the well-being of older persons, and social security for older persons. These policy instruments, together with the Act on Older Persons 2003, provided the policy framework for welfare promotion, protection, and empowerment of older persons throughout the country (UNFPA 2006).

Employment and Income Sources

Employment among older persons continues to be an important factor in enhancing financial security for both the older persons themselves and members of their family. In addition, working older persons can also be a reflection of their physical and mental conditions, including their sustaining capacity. The data from the Survey of the Population's Employment in the second quarters of 2001 and 2005 showed that the percentage of working older persons increased from about 30.3 per cent in 2001, to 37.1 per cent in 2005. As for gender, the proportion of economically active older men was nearly double that of older women for both years (male 41.7 per cent and female 20.5 per cent in 2001, male 49.8 per cent and female 26.6 per cent in 2005). The proportion of economically active older persons was higher in rural areas than in urban areas.

Although Thailand has developed industrial sectors, agricultural employment was still the major source of employment and income for older persons, particularly those living in rural areas. About 61.0 per cent of working older persons was still working in agricultural sectors or informal sector in 2001 and 2005, as such jobs have no retirement age (see Table 5.2). The average monthly income of an older-person employee was about 5,000 baht (about US$150 per month or US$5 per day) in 2005 (calculated from NSO 2005).

Participation of older persons in the workforce is likely to keep increasing because of the change in the population age structure, migration of the younger population to work in the city or outside the country, and longer life expectancy of older persons. Economic pressure and bigger urban sectors also contribute to rising opportunities to work in the informal sectors and, therefore, wider employment opportunities for the older persons.

TABLE 5.2
Percentage of Older Persons Classified by Working Conditions, Economic Activities, Sex and Place of Residence: Thailand, 2001 and 2005

	Sex		Place of residence		Total
	Male	Female	Urban	Rural	
Working Condition (2001)					
Employed	41.7	20.5	23.8	33.2	30.3
Unemployed	58.3	79.5	76.2	66.8	69.7
Working Condition (2005)					
Employed	49.8	26.6	27.8	40.7	37.1
Unemployed	50.2	73.4	72.2	59.3	62.9
Total	100.0	100.0	100.0	100.0	100.0
Economic Activity (2001)					
Agriculture	65.2	54.1	24.7	72.3	61.0
Non-Agriculture	34.8	45.9	75.3	27.7	39.0
Economic Activity (2005)					
Agriculture	66.7	53.6	23.2	71.8	61.5
Non-Agriculture	33.3	46.4	76.8	29.2	38.5
Total	100.0	100.0	100.0	100.0	100.0

Note: 1. Urban means within municipalities, Rural means outside municipalities.
2. An economic activity means any activity which has its products either in the form of products or services, such as culture of rice, textiles, laundries, etc.

Source: The National Statistical Office (2001 and 2005). Calculations are based on the Survey of the Population's Employment, the 2nd Quarter.

According to the Thailand Second National Plan on Older Persons, Issue 2 (2002–21), older persons who were able and willing to work were more likely to be encouraged to continue in employment to finance their own living even post retirement. The government and relevant agencies consequently ought to have explicit implementation plans for the promotion and support of work and income for qualified older persons by creating employment opportunities for them.

Personal Saving Conditions

Personal savings is a significant factor for self-insurance and stable living after retirement. Thai people still have a low level of personal savings, with savings level continuously declining from 13.7 per cent of personal income in 1999, to about 6.3 per cent in 2002, although it rose slightly to

8.0 per cent in 2004. These saving rates are not adequate to cover cost of living and long-term care during retirement. Ideally, personal savings should rise and be sufficient for security in old age, but the current economy does not induce people to save as much as they should. In addition, a large number of Thai people have had a low level of income, and, therefore, did not have enough money to save even for short-term exigencies, let alone old-age security. Therefore, net savings of private and household sectors was only about 18.2 per cent of GDP in 2004. This will have adverse effect on individuals and the country in the long term (NESDB 2004) (see Table 5.3).

The government of Thailand has set up tax measures to promote personal savings by reducing interest tax. The measures focus on older persons at a retirement age of not less than 55 years, who receive interest from bank deposits of at least a one-year term. This approach has been implemented since January 2005 with the condition that the total interest does not exceed 30,000 baht for the relevant fiscal year. This approach is expected to increase the long-term personal savings of the population and be advantageous for investment in the country (Ministry of Finance cited in the National Commission on the Elderly et al. 2006, pp. 102–103).

Living Arrangements

Financial support and the well-being of older persons are influenced by their living arrangements. In the Southeast Asian context, particularly Thailand, intergenerational co-residence has been a predominant pattern. Traditionally, in most cases, it is the offspring/children who take the responsibility of taking care of their old-age parents. Depending on circumstances, a common alternative for older persons is to co-reside with younger siblings or their families as well as with nephews, nieces, and other relatives.

Following the doctrine of Buddhism, children in Thailand are taught early to respect older persons and people of higher status such as parents, elders, priests, and teachers. Children are strongly expected to repay their parents for having given birth to, and nurtured, them. Children are taught to "repay" their parents by providing care and support for them in their old age.

However, this traditional arrangement guaranteeing family support for older persons has been undergoing some changes. The proportion of older persons living with, or near children or children-in-law in Thailand has declined from 74.0 per cent in 1994 to 66.0 per cent in 2002, while the

TABLE 5.3
Number and Percentage of Personal Savings per Gross Domestic Product (GDP); Thailand, 1999–2004

	1999	2000	2001	2002	2003	2004
			(in million baht)			
Disposable Personal Income (I)	3,067,435	3,179,750	3,265,457	3,384,966	3,726,961	4,071,086
Personal Savings (S)	420,265	367,833	252,912	214,526	282,805	324,212
Percentage (S/I)	13.7	11.6	7.8	6.3	7.6	8.0
Net Savings (NS)	693,794	819,735	791,548	873,263	1,008,919	1,185,807
GDP	4,637,079	4,922,731	5,133,502	5,450,643	5,928,975	6,503,488
Percentage (NS/GDP)	15.0	16.7	15.4	16.0	17.0	18.2

Source: National Economic and Social Development Board (2004).

proportion of older persons living alone has increased from 3.6 per cent in 1994 to 6.5 per cent in 2002, and to 7.7 per cent in 2005 (see Table 5.4). The traditional support base through family and kinship is expected to shrink due to reduced family size, nuclearization of families, migration both within and outside the country, as well as the changing lifestyle of their offspring.

The challenge of having to ensure appropriate living arrangements for the increasing number of older persons will have to be taken up by the Thai government. However, the modest decline in co-residence suggests that traditional family ties continue to remain strong. As such, the focus

TABLE 5.4
Percentage of Older Persons by Living Arrangements: Thailand, 1994, 2002, and 2005

Living arrangements	1994	2002	2005
With children/children in-law	73.6	65.7	61.5
Spouse only	11.6	14.0	17.0
Alone	3.6	6.5	7.5
Other arrangements	11.2	13.8	14.0
Total	100.0	100.0	100.0

Source: National Statistical Office (1995, 2003, and 2005).

should be on facilitating and strengthening family support for older persons (UNDESA 2002). The Thai Government has come up with a policy response to population ageing by introducing tax incentives to promote and support children who provide care to their own old-age parents and parents-in-law who receive insufficient income for their living or have no income. These children are, therefore, entitled to a tax deduction of an amount not exceeding 30,000 baht per person. Such an approach has been applied to income earned from the year 2004 onwards (Ministry of Finance cited in The National Commission on the Elderly et al. 2006, p. 101).

Social Support for Older Persons

Social support for older persons can be provided in several forms: finance, material, and daily caregiving. Most of the income sources of Thai older persons, particularly female older persons and those who lived in rural areas, come mainly from their children (sons/daughters, including sons-in-law/daughters-in-law). However, this income support has declined from about 85.0 per cent in 1994 to 77.0 per cent in 2002 or has decreased by about 8.0 percentage points. A secondary income source is through the work of older persons and this seems unchanged between the surveys in those two years. The average income of older persons who worked as employees was about 5,000 baht per month or approximately about US$150, but those who worked in the agricultural sector earned much lower (NSO 2005). The contribution from spouses also declined, from 21.4 per cent in 1994 to 17.4 per cent in 2002. Contribution from brothers, sisters, and other relatives declined as well. On the other hand, income from interests earned rose slightly from 17.1 per cent to 18.0 per cent. Furthermore, income from the government (pension and, particularly, government sustenance pension) increased from 4.6 per cent in 1994 to 7.3 per cent in 2002. This increase indicates the expansion of the government's programme to cover poor older persons (see Table 5.5).

As for other forms of social support, we see from Table 5.6 the major parties who have been giving social support by contributing four significant materials, namely, things/objects, clothing, food, and financial aid. The result shows that less than a fifth, and less than a quarter of older persons did not receive any financial and food support from any party, respectively. About half of older persons received clothing and other things, but not in large amounts.

TABLE 5.5
Percentage of Older Persons by Income Support from Various Sources: Thailand, 1994 and 2002

Sources of Income	Total		2002					
			Gender		Age		Area	
	1994	2002	Male	Female	60–69	70+	Urban	Rural
Sons/daughters	84.5	77.2	72.8	80.9	73.3	83.9	71.2	79.9
Jobs	38.0	37.7	48.9	28.2	50.2	16.7	27.9	42.1
Spouse	21.4	17.4	16.5	18.1	22.9	8.2	15.8	18.1
Interest/personal savings	17.1	18.0	19.7	16.5	18.9	16.5	27.9	13.5
Relatives	8.0	5.3	3.9	6.5	4.0	7.5	5.2	5.4
Brothers/sisters	6.9	3.5	2.6	4.2	3.3	3.8	3.1	3.7
Pension	4.1	4.3	6.9	2.1	4.7	3.7	9.7	1.9
Others	3.3	2.6	2.2	3.0	2.2	3.3	3.0	2.5
Sustenance pension	0.5	3.0	2.7	3.3	1.7	5.2	1.8	3.6

Source: Knodel et al. (2005).

TABLE 5.6
Percentages of Older Persons by Main Supporting Persons and Forms of Support: Thailand, 2002

Forms of Support	Main Support Persons				
	Without family	Spouse	Children/ Children-in law	Others	Total
Objects/things	44.4	8.8	44.1	3.1	100.0
Clothing	41.8	6.2	48.7	3.3	100.0
Food	23.2	19.3	52.2	5.3	100.0
Financial aid	17.7	7.1	71.2	4.0	100.0

Source: Knodel et al. (2005).

Social Security System for Old Age

The current social security schemes in Thailand can be classified into two types, mandatory (public sector) and voluntary (private sector) savings. The Thai government has established many forms of income security through obligatory savings in several funds for those who work in the formal sector such as the Social Security Fund, Government Pension Fund,

Provident Fund, and Retirement Mutual Fund to help them cope with their life after retirement.

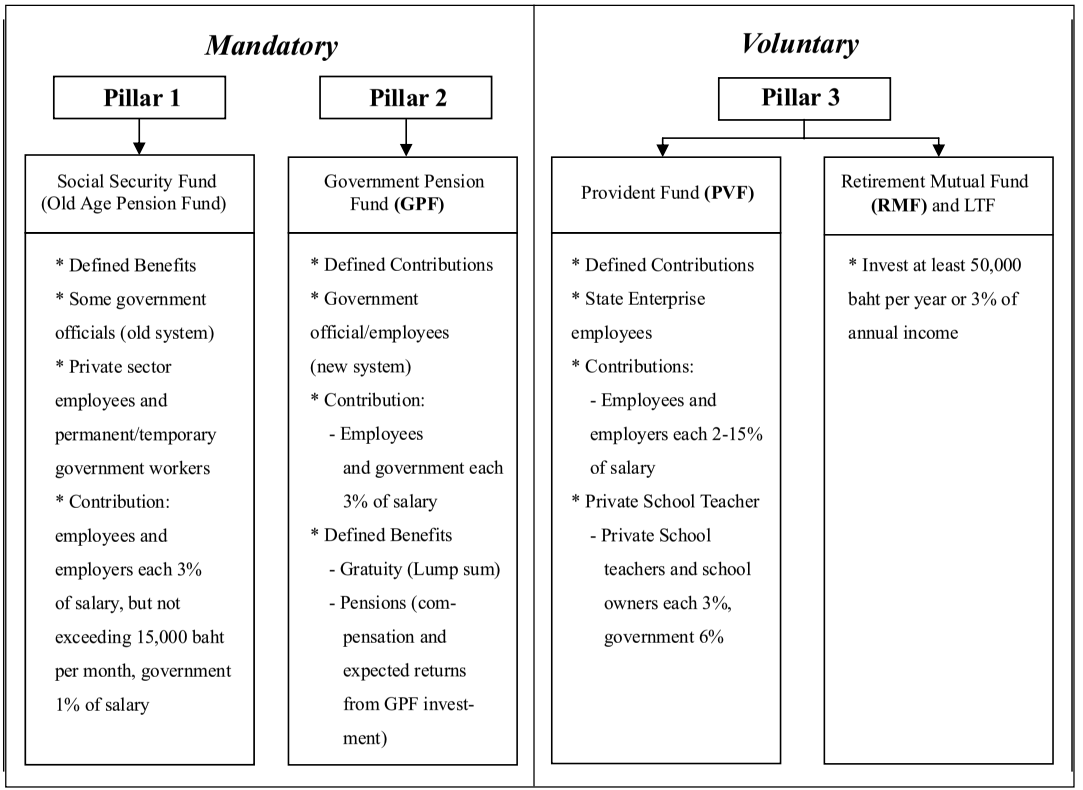
The World Bank's classification of three pillars of an old-age pension system (World Bank 1994) is used here to examine the old-age security system in Thailand. Pillar 1 is a publicly mandated, publicly managed, defined-benefits system, backed by government taxation (publicly mandatory pension system). Pillar 2 is a publicly mandated, privately managed, defined-contribution system, fully funded by government taxation. Pillar 3 is a privately managed, voluntary savings and defined-contribution system (voluntary defined contributions). This voluntary occupational or personal savings plan would provide additional protection for people who want more income and insurance for their old age.

The Social Security Fund (mainly private sectors) and Government Pension Fund (public sector) in Thailand are classified as Pillar 1 and Pillar 2, respectively. They mainly provide basic pensions for those holding formal jobs. The Provident Fund, Retirement Mutual Fund (RMF), and Long Term Fund (LTF) are classified as Pillar 3. State enterprises used to have a defined-benefits pension. Due to the government policy of privatization, some state enterprises have replaced the original pension system with a provident fund. Therefore, the workers either receive a defined benefits pension or have their own retirement account with the provident fund. However, the Thai mandatory pension system does not have a Pillar 2 scheme that would cover a large number of about 21.8 million workers in the informal sector. Details of each retirement savings fund structure reform in Thailand are as follows (see Figure 5.3).

Current Social Security System

Thailand first adopted the official Social Security System in 1991 for all employees who worked in private enterprises by providing five exigency benefits: sickness and injuries outside work, maternity, disability, death, and child allowance. In 2006, the government added two more exigency benefits: old age and employment. Social security for older persons under the Social Security Law is a government policy enforced from 1999 to promote savings by employees and give them income security for retirement. In order to receive the benefits under the old age provision section, employees or subscribers must have contributed to the Social Security Fund for no fewer than 180 months (fifteen years), and that person will have to be at least 55 years old and

FIGURE 5.3
Current Structure of Multipillar Retirement Saving Plans in Thailand


Mandatory
Voluntary
Pillar 1
Pillar 2
Pillar 3
Social Security Fund (Old Age Pension Fund)
Government Pension Fund (GPF)
Provident Fund (PVF)
Retirement Mutual Fund (RMF) and LTF
* Defined Benefits
* Some government officials (old system)
* Private sector employees and permanent/temporary government workers
* Contribution: employees and employers each 3% of salary, but not exceeding 15,000 baht per month, government 1% of salary
* Defined Contributions
* Government official/employees (new system)
* Contribution:
- Employees and government each 3% of salary
* Defined Benefits
- Gratuity (Lump sum)
- Pensions (compensation and expected returns from GPF investment)
* Defined Contributions
* State Enterprise employees
* Contributions:
- Employees and employers each 2-15% of salary
* Private School Teacher
- Private School teachers and school owners each 3%, government 6%
* Invest at least 50,000 baht per year or 3% of annual income

Source: The Fiscal Policy Office, Ministry of Finance (2006).

no longer working. In terms of contributions, this scheme is a defined-contribution (DC) type of old age pension in which employees and employers each contribute 3.0 per cent of employees' monthly income, with the government adding 1.0 per cent (all together 7.0 per cent). As for benefits, this scheme is a defined-benefits (DB) type of old age pension in which a member retiree will receive a monthly pension amounting to 15.0 per cent of the person's average monthly salary in the last sixty months and 1.0 per cent per additional year of contribution. The pension rate increases from 15.0 per cent to 20.0 per cent for those who have contributed for more than 180 months and receive 1.5 per cent per additional year in order to cover the standard cost of living. The government later decided to extend coverage that was initially applied to establishments with twenty or more employees to include all establishments with at least one employee. So the total coverage was for about 9.18 million social security beneficiaries in 2007 and the net present value of capital is more than 400 billion baht. The year 2014 will be the first year that employees begin to receive their old age pension, implying that the full old age pension under the present Social Security Scheme is not fully functional as of 2009 (Social Security Office Annual Report 2009).

However, the social security system can be expected to have a problem of survivability of the old-age pension fund as seen from the experiences of the more developed countries such as Japan. In addition, the existing retirement age of 55 years is certain to exert a lot of pressure on the financial adequacy of the system given the increasing longevity of Thai people. There will be social or economic pressure to force an increase in the percentage of the income earned before retirement, the basis of which will determine the amount that retirees will receive as their pension.

Most of the recommendations of research studies proposed the Social Security Office (SSO) to seek various measures to keep the stability of the old-age pension fund, such as extending the retirement age, increasing the contribution rate, finding the appropriate investment measures, etc. According to these measures, if the SSO will not extend the retirement age and increase contribution rate, the fund can be viable for only forty-eight years. For other measures, the fund will be extended up to only ten years, except increasing the contribute rate every ten years (starting in 2020). However, up till now the SSO has been continuously studying and evaluating the status of the fund, and collecting information for planning

and formulating policy in order to find the appropriate measures based on the economic situation and impact on the beneficiaries.

Government Pension Fund (GPF)

The pension system for government officials is a continuation of the original pension plan under the Pillar 1 type of defined-benefits (DB)-PAYG-type of pension scheme. But the budget allocation to finance the scheme has been rapidly increasing because of high health care expenditure reimbursement. Therefore, the government, drawing on the Government Pension Fund Act 1996, reformed the original system into a new system — Pillar 2 type of defined-contribution (DC) pension scheme under the Government Pension Fund (GPF). There are two major changes. First, the original pension benefit was reduced by using the average of sixty months' salary rather than the last month's salary before retirement, and the ceiling was defined as not more than 70 per cent of the replacement rate (the ratio between pension and earning when working). As a result, the pensions under this revised system have been reduced by between 12.0 per cent and 15.0 per cent. The reduction in pension payment has been replaced by rising retirement savings from the GPF. Second, the Act mandates that the government accumulate a reserve fund equal to three times the fiscal budget for gratuity and pension payment, implying that Pillar 1 is no longer a fully unfunded system. Every government official must join this new mandatory scheme except those who were in service before 27 March 1997 and chose to stay with the old pension scheme. If they chose not to join the GPF, they are eligible for a pension according to the Government Pension Act 1951 only. Because the government has allowed government officials to choose whether to switch to the new system or remain in the old system, the government actually runs two parallel systems concurrently. Under the new GPF scheme, the government and public officials will each contribute 3.0 per cent of the employee's salary to the fund. At retirement age, members will have a choice of receiving either lump sum gratuities or a monthly defined-benefits pension. Part of the pension will come from the government budget, but those who have contributed to the fund will also receive benefits from the investment incomes of the fund and get a special tax exemption. Members will receive benefits according to a formula calculating compensation contributions from both the members and government and from expected returns from GPF's investments. The GPF is managed by a semi-public and semi-private organization, but the

policy will be controlled by the board of GPF under the Ministry of Finance (Shigeyuki and Krongkaew 2006).

However, the GPF scheme still has a few problems with regard to flexibility of savings mobilization because members cannot contribute more than 3.0 per cent of their salaries. It also does not have the flexibility in its mechanism to roll over the fund for those who do not need immediate access to their money. Improving the flexibility will, of course, help increase domestic savings.

Private Sector Provident Funds (PVF)

The Provident Fund Scheme is one type of Pillar 3, privately managed, voluntary savings, and defined-contribution pension system for retirees who work as state enterprise employees, permanent government employees, and private school employees/teachers. This scheme started in 1987 under the Provident Fund Act and new provisions of the new act has been enforced since 1999. Each fund is monitored and controlled by a fund committee that comprises the representatives from employers and employees. The fund committee then chooses fund managers to manage the fund under general regulations set up by the Securities and Exchange Commission of Thailand.

The contribution from employees must be at least 3.0 per cent of their wages but must not exceed 15.0 per cent, while the employer's contribution must not be less than the employees' contributions. The existing Provident Fund had about 540 funds in 2006, covering about 1.67 million employees in 5,340 enterprises, and with net asset value of the funds at about 346,000 million baht. The Private School Teachers' Provident Fund system has different contribution rates (3.0 per cent of their salaries from private school employees/teachers, 3.0 per cent from employers, and 6.0 per cent from the government). This Fund covered about 127,000 school teachers in about 7,690 private schools with a fund size about 7.7 billion baht in 2006. In terms of benefits, employees will receive lump-sum payments at the time of their resignation after five years of services, or upon retirement. These payments will be tax exempt on the part of employees and tax deductible on the part of employers.

However, the overall operation of the Provident Fund has a similar problem as the GPF in terms of flexibility of savings mobilization and there is no mechanism to help workers transfer their pension plans from one scheme to another in case of a change in employment. All these have adverse effects on both the employees and national savings as a whole.

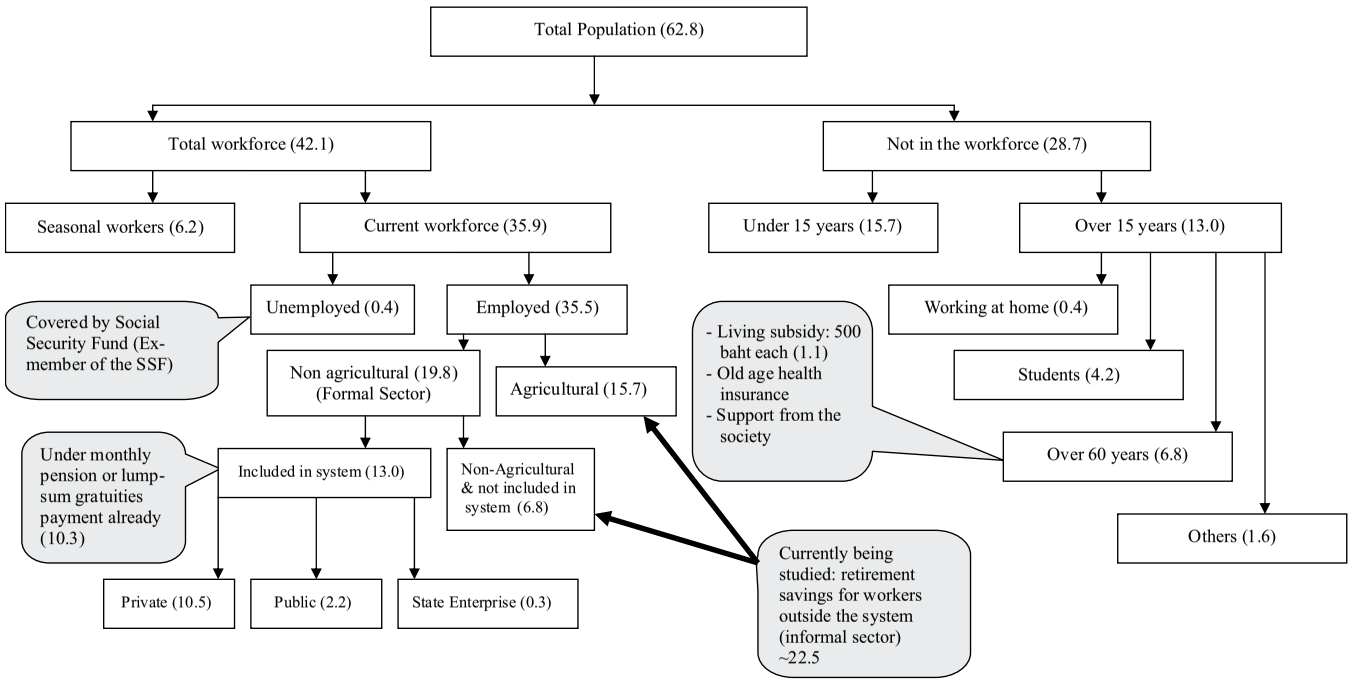
Retirement Mutual Funds (RMF)

This Pillar 3 voluntary pension scheme is the latest addition to the various old-age pension schemes in Thailand, and was established in March 2001. This fund aims to provide a means of voluntary retirement savings to employees who are not in the PVF, or those who want to make additional contributions and receive extra benefits. Investors are free to choose different packages of investment with different risk and return profiles, but they are not allowed to withdraw from the fund before reaching the retirement age of 55 years without a tax penalty. Under these voluntary old-age saving schemes, there are three types of tax privileges: tax deduction for amounts up to 30,000 baht per annum, investment income and retirement benefits from the funds are tax exempt. In 2006, there were sixty-four RMFs with a net present value of capital of about 18.455 billion baht (The Ministry of Finance 2006). Large areas of DC-pension contributions remain for financial analysts to address and tackle, namely, how fund managers can maintain an appropriate balance between profitability and risk of invested funds. Too cautious an investment policy would bring in little returns, which hurts the viability of the scheme and reduces the welfare of the subscribers (Shigeyuki and Krongkaew 2006).

Future Improvements for an Ageing Society

Overall, the four main old-age pension funds for workers inside the system cover about 12–13 million people. There are many labour groups depositing no savings through the funds, such as those who work in agricultural or informal sectors. In this connection, apart from the support from the Office of Social Security, the Ministry of Finance has initiated the establishment of the National Pension Fund to cover all labour groups in both formal and informal sectors of employment. Many experts, particularly those from the Asian Development Bank (ADB), have been invited to study the possibilities of old-age reforms. The ADB suggested reforming an old-age pension fund called the "National Pension Fund (NPF)" to protect the majority of the Thai population from poverty and maintain their standard of living during retirement, including increasing their long-term savings, and developing the capital of the country. Currently (December 2008), this scheme is an actuarial system being studied by a team of Thai experts supported by the Ministry of Finance. The team will present the results to the government to help it decide between a compulsory or a voluntary scheme in the near future (see Figure 5.4).

FIGURE 5.4
Employment Structure and Retirement Savings Coverage, 2006


Total Population (62.8)
Total workforce (42.1)
Not in the workforce (28.7)
Seasonal workers (6.2)
Current workforce (35.9)
Under 15 years (15.7)
Over 15 years (13.0)
Unemployed (0.4)
Employed (35.5)
Working at home (0.4)
Covered by Social Security Fund (Ex-member of the SSF)
Non agricultural (19.8) (Formal Sector)
Agricultural (15.7)
Students (4.2)
- Living subsidy: 500 baht each (1.1)
- Old age health insurance
- Support from the society
Over 60 years (6.8)
Under monthly pension or lump-sum gratuities payment already (10.3)
Included in system (13.0)
Non-Agricultural & not included in system (6.8)
Others (1.6)
Private (10.5)
Public (2.2)
State Enterprise (0.3)
Currently being studied: retirement savings for workers outside the system (informal sector) ~22.5

Unit: million persons

Source: Adapted from the National Health Security Office (2006).

There are also community-based savings, such as saving groups, saving cooperatives, and life insurance with private companies. Community-based savings can serve as another mechanism for enhancing older persons' income and well-being. Thus if the government can promote systematized personal savings by the working age population, Thai older persons will have sufficient financial resources on retirement.

Furthermore, according to poverty measurement of the National Economic and Social Development Board (NESDB), there are 1.1 million poor older persons, which make up 15.0 per cent of the entire population of poor people. Poor/destitute and vulnerable older persons had been supported by a monthly sustenance allowance of 300 baht per head from the central government budget since the year 2001, but this increased to 500 baht per head (about US$15) from both central and local government in 2007 and paid through community administrative organizations. Total coverage of older persons receiving sustenance allowance was about 16.5 per cent in 2006 and this is expected to increase to 25.0 per cent in 2007 (see Table 5.7).

Health Care Financing for Older Persons

The health insurance system in Thailand is a public-private mix of both financing and service provisions. Sources of finance to provide care for older persons are usually a mix of social insurance fund, pension fund, general and specific taxation from local and or national governments, and

TABLE 5.7
Total Budget Allocation to Support Old Age Sustenance for Poor Older Persons: Thailand, 2003–07

Year	Number of older persons who receive sustenance pension	Budget Allocation (million baht)	Proportion of older persons receiving sustenance pension compared with Total OP
2003	399,362	1,437.7	6.2
2004	440,000	1,584.0	6.4
2005	527,083	1,897.5	8.1
2006	1,073,190	3,863.5	16.5
2007	1,763,178	10,579.1	25.1

Source: Department of Local Government, Ministry of Interior, 2007.

the older persons themselves (see Figure 5.5). The Universal Health Care Coverage Insurance was implemented in 2002 to cover people who did not get any money from any sources. This system provided access to health care and financial protection for older persons from catastrophic expenditures, particularly poor older persons and those in remote areas.

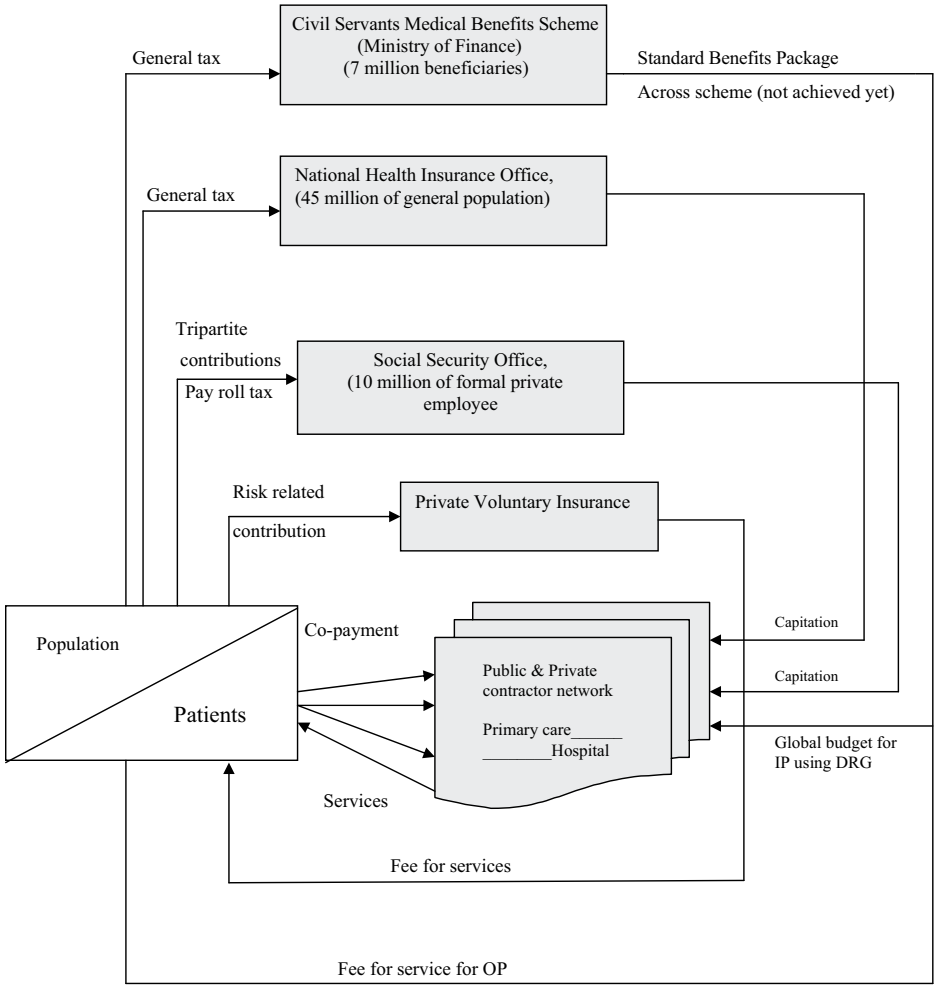
The ultimate scenario for universal health coverage in Thailand is a reduction in the difference of levels of service with the provision of equity and comparable standards. Its core benefits package will resemble that of social insurance with additional personal and family preventive and promotive services. Health service is characterized by a gatekeeper close by providing primary care and forming an integral part of a provider network of health care at higher levels. Under a cost containment system, its funding is to be closed-ended and capitation includes salaries and capital investments. Health care accreditation has also been implemented and a national committee has been set up to reduce differences in health policies and practices. In the transitional period, a capitation rate of 1,202 baht per capita per year seemed reasonable and the total cost for the 45 million people without any coverage was to take up a large share of the estimated outlay of 65,077 million baht in 2003. However, as seen in Table 5.8, the capitation rate has kept rising from 1,202 baht per capita in 2003 to 1,308 baht per capita in 2004, then 1,396 baht per capita in 2005, and 1,659 baht per capita in 2006. The proposed capitation rate for 2007 was to be 2,089 baht per capita. Therefore, its budget share has been increasing. In 2007, the system's coverage increased to 48.3 million persons, with about 97.0–98.0 per cent of older persons being given free services.

Conclusion and Policy Implications

This chapter examines the Thai Government's policy response to an ageing society and discusses its public pension or old-age social security and health care financing reforms. Because of the decreasing incidence of co-residence living arrangements and family support, the government has attempted to encourage private savings by proposing a new savings vehicle: tax incentives and lifetime savings in different savings funds. This policy is intended to encourage individuals to save not only for retirement, but also for meeting needs throughout their lives.

There have been several attempts in Thailand in the aftermath of the economic crisis in 1997 to install a certain system of employment-related

FIGURE 5.5
The Structure of Health Insurance System: Thailand, 2006



Note: IP = in-patient
OP = out-patient
DRG = Diagnosis-related group
Source: National Statistical Office (2005).

TABLE 5.8
Annual Budget Allocation for National Health Insurance Scheme: Thailand, 2003–07

Items	2003	2004	2005	2006	2007*
Outpatient (OP)	574	488.2	533.0	585.1	722.2
Inpatient (IP)	303	418.3	435.0	460.4	633.0
Preventive, Promotive (PP)	175	206.0	210.0	224.9	252.6
Accident and Emergency (A & E)	25	19.7	24.7	52.1	83.7
High-Cost Care	32	66.3	99.5	190.0	217.8
Emergency Medical Services (EMS)	6	10.0	6.0	6.0	10.0
Rehabilitation	4	—	4.0	4.0	4.0
Investment	83.4	85.0	76.8	129.3	165.4
Add-up for Remote Areas	—	10.0	7.1	7.0	n.a
Others	—	5.0	0.2	0.5	0.5
Total (Lump-sum/head)	1,202.4	1,308.5	1,396.3	1,659.2	2,089.2
Coverage (million persons)	45.0	45.0	46.5	47.8	48.3

Note: * Proposed budget
Source: National Health Security Office (2006).

social security system and state-subsidized universal health coverage. However, the public pension/social security systems in Thailand still cover only 12–13 million persons (about 20 per cent of the total population). On the other hand, the government cannot afford to be too generous in its future old-age pension plan. The issue of financial sustainability may dictate that the fully-funded system dominates over the basic defined-benefits system. The government needs to reform its social security fund to become a mix of defined benefits and defined contribution under the national pension system. People may be required to work longer and contribute more to the system. This is necessary if Thailand is to have a safe and strong old-age pension system.

While the universal health scheme almost covers all older persons who do not get any support from other sources, the government needs to implement health care accreditation, set up a national committee to normalize differences in health policies and practices, and support growing budgets each year. However, the required effectiveness for the management of the health services network may dictate a rational overhaul, which allows for more flexibility.

That population ageing is progressing rapidly is reflected in the rising demand for social security for older persons and the increase in the government's responsibility to support older persons. The growing awareness of population ageing in Thailand encourages the reform of existing social security and health insurance mechanisms. The reforms need to be further developed to provide the foundation to address the challenges arising from the rapid growth in the number of older persons. It is a challenge for the Thai government to develop appropriate and effective policies on social security and the financing of health care services for older persons.

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6

AN EXPLORATION FOR A UNIVERSAL NON-CONTRIBUTORY PENSION SCHEME IN VIETNAM

Giang Thanh Long and Wade Donald Pfau

Rapid declines in fertility rates and mortality rates along with substantial improvements in health care systems have resulted in the growth of the number of older persons around the world, and this trend is expected to continue in the coming years. With the definition of an older person as one aged 60 years and above, the medium-variant population projections of the United Nations show that the number of older persons will increase from 672 million in 2005 (or 10.3 per cent of the world population) to about two billion people in 2050 (or 21.8 per cent of the world population) (United Nations 2007*a*). Particularly in the developing countries that grow old before becoming rich, population ageing will present various challenges for public policies in the coming decades. In addition, under profound social and economic changes stemming from modernization and urbanization, the weakening of family bonds also suggests an urgent task of providing for old age security in developing countries, where social security systems are underdeveloped with extremely limited coverage (Schwarz 2003).

As one of the fastest growing economies in the world, Vietnam is also experiencing the changes just described. The aforementioned population projections indicate that the number of older persons in Vietnam will increase significantly from 7.6 per cent of the whole population in 2005 to 26.1 per cent in 2050. Moreover, a swift economic transformation since the *Doi Moi* (renovation) programmes in 1986 has had significant impact on all areas of society, resulting in substantial improvements in living standards for many people, including older persons. However, while such remarkable successes have been widely acknowledged, many groups of older persons are still living in poor and vulnerable conditions. The majority of them are living in rural, isolated, and disadvantaged areas (Le et al. 2005). Only a small percentage of older persons in Vietnam are receiving public pensions, while others are living on their own and/or supported by family members (Ministry of Labour, War Invalids, and Social Affairs, Vietnam 2005). In addition, a potentially worrisome issue for supporting older persons is that the past decade has witnessed a continuous decline in the number of those living as dependents, and a continuous increase in the number of those living alone, or in households with only other older persons (Giang and Pfau 2007*a*). Thus, any reduction in family support caused by the aforementioned trends will leave older persons behind with further vulnerabilities. The above situation demands that policymakers and social researchers give more attention to discussing and creating social welfare programmes that can protect the millions of older persons in Vietnam during these rapid social and economic changes.

Recently, an increasing number of non-contributory pension (NCP) schemes have been implemented in many countries in Africa, Asia, and Latin America as a means to reduce the severity of poverty for older persons and their families. NCP is a social protection scheme that provides monthly benefits (in kind or cash) to vulnerable groups of people, especially the old and the poor, who do not need to contribute anything to the scheme. Benefits are provided via universal or means-tested schemes, and a government budget is the main financing source of the scheme. For instance, Botswana and Lesotho have universal programmes, while Argentina, Brazil, India, and Thailand provide means-tested benefits (HAI 2006). In Vietnam, a social pension scheme was implemented in 2004 to provide a benefit of 65,000 Vietnamese dong (VND) or about US$4 per month to older persons aged 90 and above who did not have a contributory pension. In April 2007, the eligible age was revised to 85 and above, and the benefit was increased to VND 120,000 (about US$7) per month. Yet

more than two-thirds of the eligible individuals have not received any benefit, and some provinces have not even carried out this scheme (National Assembly's Committee for Social Affairs 2006). Also, Institute for Labour Science and Social Affairs and United Nations Population Fund (2007) show that the impacts of the current scheme still have been limited in terms of both coverage and poverty reduction, although it has been able to help recipients overcome certain difficulties.

Guided by such an urgency, this chapter aims to explore the potential efficacy of a universal NCP scheme in Vietnam by discussing such research questions as how such a scheme would help to the incidence of reduce poverty for the elderly, and how much it would cost under demographic changes. Although management and financing sources are also important issues, we will not discuss them in this chapter. The remainder of the chapter is organized as follows. We will provide a review of relevant studies in the next section. Then, in the third section, we will present our data and estimation methodology. Empirical results and policy implications will be presented in the fourth section. The last section will provide some concluding remarks.

Briefly, some of our findings are as follows. First, the impact of a universal NCP scheme on poverty rates among older persons and their poverty gap would be significant, but become less potent when the eligibility age is higher. In particular, with the benefits provided, older persons who are women, married, living in urban areas, working, or receiving social insurance benefits would be more likely to see their poverty rate reduced and poverty gap closing than other groups of older persons. Second, financial simulations show that the cost of the scheme, which provides a benefit equal to 50.0 per cent of the official poverty line to all persons aged 60 and above, would be about 1.2 per cent of GDP in 2004. As the population ages following the projections of the United Nations (2007*a*), the cost would be higher, but only as high as about 3.0 per cent of GDP.

A Review of Relevant Studies

Recently, numerous studies have been conducted to analyze the impacts of NCP schemes on poverty reduction, and most of them show that these schemes are playing an important role in reducing poverty for both older persons and their families, as well as extending coverage of the social protection systems (see, for instance, Case and Deaton 1998; Barrientos

and Lloyd-Sherlock 2003; and HAI 2006). In addition, though the question remains on financing sources for maintaining such schemes in developing countries with limited resources, a number of studies have indicated that a universal scheme would cost about 2.0–3.0 per cent of annual GDP at most (see, for instance, Willmore 2007; United Nations 2007*b*).

While such *ex post* studies are obviously important for evaluating the advantages and drawbacks of the existing schemes, *ex ante* studies are also equally important to understand the potential impact of proposed schemes. However, only a handful of *ex ante* studies with microsimulation techniques have been conducted to examine the potential role of an NCP scheme in reducing poverty. In this section, we will review some relevant studies, including their analytical frameworks and main findings.

In a paper on Greece, Matsaganis, Papadopoulos, and Tsakloglou (2000) discuss the desirability and feasibility of a minimum guaranteed-income scheme to protect the poor. Using the data from the European Community Household Panel (ECHP) in 1994, the paper estimates how poverty rates and other income inequality indices would have been changed if a minimum guaranteed-income scheme was introduced in 2000. Different scenarios are assumed for different targeting levels and possible leakage rates. The findings show that extreme poverty rates would be reduced significantly in all policy settings with such a scheme. However, the paper also emphasizes that dealing with budgetary and administrative constraints is extremely important for design and implementation.

Also assessing the impact of a universal income-grant scheme on poverty reduction in South Africa, Bhorat (2003) uses data from the Income and Expenditure Survey 1999 (IES 1999), which are simulated updates from those of IES 1995 with a number of assumptions. Poverty rates are measured by the Foster-Greer-Thorbecke (FGT) index, in which household consumption is rescaled accordingly to household living arrangements. The paper makes simulations for different types of households and recipients under various benefits levels. Moreover, the paper also estimates the minimum financial requirements needed for the programme to reach certain poverty reduction levels. For instance, the government needs to spend about 8.3 per cent of total national budget expenditures in order to close the poverty gap completely.

With the same research interests, Gassman and Behrendt (2006) evaluate the impact of a number of cash transfer programmes on poverty in Senegal and Tanzania. Using data from the Senegalese Households Survey in 2001–02 (ESAM-II) for Senegal, and the Household Budget Survey

2001–02 for Tanzania, the authors make attempts to measure the changes in the poverty rates of these countries if a cash transfer programme had been introduced. Two national poverty lines (that is, the food poverty line and basic needs poverty line) and an international poverty line are utilized in the simulations, and poverty rates are measured with the FGT index. The simulated results show that all kinds of cash transfers (that is, universal old-age and disability pensions, universal child benefits, and targeted cash transfers) would have reduced poverty rates significantly if they had been introduced in these countries. The paper concludes that "introducing basic old-age and disability pensions in Senegal and Tanzania would not only improve the living standard of benefit recipients, but also of other members living in the same household, especially children" (Gassman and Behrendt 2006, p. 33). The paper also emphasizes that a universal cash transfer scheme, particularly a child benefit, is an effective tool for poverty reduction, but targeted cash transfer schemes provide ambiguous results in this respect. Thus, policy settings need to be carefully considered in different social and economic contexts.

Kakwani and Subbarao (2005) apply a similar assessment for fifteen African countries. By using household data sets, they measure changes in poverty rates and the poverty gap if a social pension through cash transfer had been introduced in these countries. To do this, they classify household arrangements by different types, and then consider different targeting options, including policies such as universal provision, targeting all older persons, and targeting older persons who live alone. The simulated results provide not only expected reductions in poverty rates, but also the required financial capacity to achieve such options. The paper then makes simulations on the impact of the scheme under a fixed budget constraint and benefit level. It shows quite different results for these countries, as they have very different economic, social, and demographic characteristics.

With the same analytical framework, Kakwani, Son, and Hinz (2006) obtain similar results for Kenya. The paper shows that the introduction of a non-contributory pension scheme would help reduce poverty rates, the poverty gap, and poverty severity for the many elderly and their families in this country. Such a scheme would also be financially feasible, as the cost would merely be 1.0 or 2.0 per cent of GDP if the scheme provided a benefit of 20.0 per cent or 50.0 per cent of per capita national income to all persons aged 55 and above, respectively.

For Vietnam, to the best of our knowledge, only one study by Weeks et al. (2004) discusses quantitatively the introduction of a universal old-

age pension scheme in the country. They used data from the Vietnam Living Standard Survey (VLSS) in 1997–98 to estimate the cost of implementation if such a scheme were introduced in 1998. This scheme would provide benefits to all older persons aged 65 and above, and the level of benefits was calculated from two ratios: the ratio of the poverty line to average per capita consumption, and the ratio of the proposed benefit to the VLSS 1997–98 poverty line. Without administrative costs, the estimated budgetary cost would have been 2.2 per cent of GDP in 1998, if the benefit was equal to the poverty line. However, this study did not discuss how the scheme would help reduce the poverty rate and poverty gap for the elderly in Vietnam.

It is worth noting that, although all of the above studies work with different data with different research objectives, they all use the same assumptions that everything, except the proposed benefits, remains unchanged, and that beneficiaries do not alter their behavioural responses, and that there are no macroeconomic feedbacks from the introduction of a new pension scheme. For instance, we do not know how the labour force participation rates, savings, or living arrangements of older persons might change in response to the programme benefits, or how the government budget would have been reallocated if such a scheme had been introduced. These assumptions are necessary when working with household survey data, and will be used in this chapter as well.

Data and Methodology

Data

To pursue the research objectives, we use the Vietnam Household Living Standard Survey in 2004 (VHLSS 2004). This is one of four household surveys conducted in Vietnam over the past decade by the General Statistics Office of Vietnam (GSO) along with other international agencies, as a part of the World Bank's Living Standard Measurement Surveys (LSMS). Descriptions of this survey can be found in World Bank (2005) and GSO (2007). Unless otherwise noted, our calculations will use the sample weights to make the data representative for the entire Vietnamese population, both urban and rural, and across the regions.

The survey focuses on households, but also includes some characteristics of individuals in the household, such as age, gender, relationship to the household head, marital status, working status, wages, health status, and

educational attainment. This structure enables us to identify older persons (aged 60 and above), as well as their households (which include at least one older person). The VHLSS 2004 includes 39,696 people in 9,189 households, in which the number of older persons and the number of older person households are 3,806 and 2,784, respectively.

At the household level, the survey provides extensive data such as sources of income, business and agricultural enterprises, detailed household expenditures, ownership of consumer durables, poverty incidence, poverty alleviation programmes, social insurance, wealth, and housing conditions.

The data, however, also have some limitations. Besides wages, most income sources are only identified at the household level, so it is not clear which member is the source of the income. Similarly, expenditure is also identified at the household level, so we do not know who is spending. Wealth data are only available at the household level. These problems limit the analysis of intra-household sharing. Moreover, the official poverty line is based on per capita expenditure, which is estimated by dividing the total expenditure of a household by the number of household members. As indicated in many studies, such as Deaton (1997) and Barrientos (2006), such a measurement is established for the household as a whole rather than for particular individuals, and it may underestimate or overestimate poverty rates under different household settings.

Poverty Measurements

In this chapter, we follow the GSO to calculate per capita expenditure-based poverty rates. The GSO method is used to calculate the minimum expenditure needed to satisfy basic nutritional and living needs. This method provides an absolute poverty line that stays constant in real terms over time. The older persons poverty rate is measured by the percentage of older persons whose household's per capita expenditure per year was less than the official poverty line, which was VND2,077 thousand in 2004.

The poverty gap is estimated in two ways. The first looks at the average distance between per capita expenditure of poor older persons and the official poverty line, as a percentage of the latter. This measurement indicates how far poor older persons are below the poverty line. The second is expressed in monetary terms, and shows how much is needed to close the poverty gap for older persons.

These calculations are made using the population sample weights in the survey to get aggregate numbers.

Simulating the Potential Benefits of a Universal NCP Scheme for Poverty Reduction

For empirical estimation, using the aforementioned data, we will first draw an overall picture of demographic characteristics and poverty status for older persons in Vietnam, in which their age, gender, marital status, residential areas and regions, and educational attainment, as well as their respective poverty rates and poverty gaps will be described. We then break the group of older persons into subgroups to examine how their poverty rates and poverty gaps would have changed in the counterfactual situation that a universal NCP scheme had been introduced in Vietnam in 2004.

We put older persons into three groups by age: young elderly (aged 60–69), older elderly (aged 70–79), and oldest elderly (aged 80 and above). A benefit, which is equal to 50 per cent of the official poverty line, will be provided to all older persons at the three different age thresholds to examine three different scenarios for a universal NCP scheme.

We assume that the older persons' benefits are spent by their households, so it is added to the total household expenditure. In per capita terms, this means that each member of an older person household will enjoy some of the benefits. Because we are otherwise unable to account for individual expenditures in a household, this is a reasonable assumption.

Similarly, as the benefits provided to the older persons in one household will raise the per capita expenditure for everyone in that household, there are four possible ways in which we can account for the NCP-induced expenditure: reducing poverty for the direct recipients (or poor older persons), reducing poverty of the non-recipients in the household (or poor non-older persons), improving per capita expenditure for the non-poor recipients, and improving per capita expenditure for the non-poor non-recipients. This is an important implication in introducing a universal NCP scheme to older persons. Based on these scenarios, we can estimate how a universal NCP scheme would reduce the poverty rate for the direct recipients, for older persons, as well as for the Vietnamese population as a whole.

We will also provide information on how the percentage of older persons living within different poverty ratios would be reduced under different scenarios of a universal NCP scheme. Furthermore, the Gini coefficient will be calculated to show how a universal NCP scheme would help to reduce inequality for older persons in particular, and Vietnam in general.

Simulating the Cost of a Universal NCP Scheme

To estimate the cost of a universal NCP scheme, we will apply a static simulation method proposed by Willmore (2007). This simulation will not consider administrative costs for the scheme's operation. Suppose the number of eligible older persons accounts for e(%) of the total population, and the NCP benefit provided to each person is equal to b(%) of per capita GDP. The total expenditure of the scheme without administrative costs will be t(%) of GDP, in which $t = e^*b$. This estimate implies that the benefit is not linked to the poverty line, because the poverty line grows with inflation rather than with GDP. To the extent that GDP grows faster than inflation, there will be a growth of the benefit in terms of its percentage of the poverty line. Also, more eligible older persons or higher benefits mean a higher expected cost for the scheme.

Again, the most important thing to note is that all the estimates assume that everything other than the NCP benefit will remain the same. In particular, the assumption is that older persons and their family members will not change their behaviour in response to the potential gain from an NCP scheme, and that there will also be no macroeconomic feedbacks from the introduction of such a scheme.

This chapter seeks to quantify the potential impact of a universal NCP scheme on the poverty incidence for older persons in Vietnam. Our discussion will first provide a number of older persons' characteristics and their current poverty status. We will then present a detailed analysis on the introduction of a universal NCP scheme to older persons.

Demographic Characteristics and Poverty Status

Table 6.1 provides general information about older persons in Vietnam in 2004 on a number of characteristics, based on the 2004 VHLSS. Also, their poverty status will be presented through the poverty rate and poverty gap.

TABLE 6.1
Demographic Characteristics and Poverty of Older Persons and Their Households in Vietnam, 2004

		Percentage of Older persons Population	Average Poverty Rate (%)	Poverty Gap (as % of Poverty Line)
Vietnam's Total Population			**19.3**	**24.1**
Older persons			**17.9**	**22.9**
Age	60–64	26.8	12.6	22.5
	65–69	22.9	17.3	21.7
	70–74	20.9	20.2	24.4
	75–79	14.3	22.2	21.0
	80–84	8.8	24.3	24.3
	85–89	4.0	15.2	23.9
	90 and older	2.3	18.1	29.0
Gender				
	Male	41.6	16.4	23.1
	Female	58.4	18.9	22.8
Marital Status				
	Married	60.5	15.8	23.4
	Unmarried	39.5	21.1	22.5
Urban/Rural Status				
	Urban	26.7	4.3	17.6
	Rural	73.3	22.8	23.3
Region				
	Red River Delta	25.8	16.3	18.6
	Northeast	10.5	25.2	24.0
	Northwest	1.9	53.2	29.3
	North Central Coast	12.6	31.2	24.8
	South Central Coast	9.9	21.6	25.8
	Central Highlands	3.4	24.1	32.5
	Southeast	15.4	2.8	23.1
	Mekong River Delta	20.6	13.1	18.2
Living Arrangements				
	Alone	5.6	21.4	25.8
	Only Married Couple	14.4	14.0	22.1
	With Children	75.5	18.6	22.9
	With Others, no Children	4.5	14.8	21.2
Working?				
	Yes	43.9	18.4	22.2
	No	56.1	17.5	23.5
Receiving Social Insurance?				
	Yes	23.2	6.6	18.5
	No	76.8	21.3	23.3
Education (Highest level of attainment)				
	None	58.4	23.4	27.5
	Primary	22.3	13.0	18.8
	Secondary	12.6	6.3	18.1
	Vocational & Technical	4.0	3.4	25.3
	Higher (College and above)	2.7	0.4	11.4

Source: Authors' own calculations from VHLSS 2004.

By age, the young elderly accounted for nearly 50 per cent of older persons, while the oldest elderly accounted for about 15 per cent. However, as indicated in Giang and Pfau (2007*a*), the Vietnamese population is ageing because the former has been showing a declining trend, while the latter has been showing an increasing trend over the past decade. The estimates show that older persons of a more advanced age generally had higher poverty rates and poverty gaps than younger older persons.

About 60 per cent of older persons were married. The result (not shown) even shows that more than 95 per cent of older persons were either married or widowed. Older persons with other marital status (divorced, separated, and never married) accounted for only 4 per cent of older persons. Married older persons had significantly lower poverty rates than their unmarried counterparts. However, these groups had similar poverty gaps.

In terms of residential areas, more than 70 per cent of older persons were living in rural areas. This number, however, has been declining over the past decade because of ongoing urbanization (Giang and Pfau 2007*a*). The results show that urban older persons had a substantially lower poverty rate and poverty gap than their rural counterparts. Similarly, the results for residential regions indicate that more than 60 per cent of older persons were living in the three largest rice-producing regions in Vietnam, that is, the Red River Delta, the Southeast, and the Mekong River Delta.

By living arrangements, more than 75 per cent of the older persons were living with their children, and about 15 per cent of the older persons were living as married couples with no one else. Older persons living alone or with others accounted for about 10 per cent of older persons. However, these older person groups tended to increase, while the number of older persons living with children tended to decrease in recent years (Giang and Pfau 2007*a*). In terms of poverty rate, the estimated results show that older persons living alone had the highest rate, while married couples had the lowest rate.

In terms of gender, female older persons were dominant. They had a higher poverty rate, but a similar poverty gap in comparison to their male counterparts. However, probing further into marital status and living arrangements, we find that more than 80 per cent of the older persons living alone were rural female older persons, and most of them did not receive any benefits from the formal social insurance scheme (results are not shown). This status calls for more attention in making welfare policies to this older persons group.

As expected, working older persons had a lower poverty gap than their non-working counterparts. Nevertheless, it is striking to find that the former had a higher poverty rate than the latter. This situation might reflect that working was a necessity for older persons to overcome poverty.

In terms of educational attainment, about 60 per cent of the older persons had no education, and just 3 per cent of them had higher education degrees (college, university, and postgraduate). However, as presented in Giang and Pfau (2007*b*), the number of older persons without any education has decreased in recent years, while those with some education, especially higher education, has increased over time. As expected, older persons without educational qualifications had the highest poverty rate and poverty gap (23.4 per cent and 27.5 per cent, respectively), while those with higher education qualifications had the lowest levels (only 0.4 per cent and 11.4 per cent, respectively).

Impacts of a Universal NCP Scheme on the Poverty of Older Persons

We now consider the potential impact of a universal NCP scheme on the poverty of Vietnamese older persons. More specifically, we will examine how the older persons' poverty rate and poverty gaps of the older persons would have changed if such a scheme had been introduced to them in 2004.

As mentioned earlier, suppose that we provide a benefit equal to 50 per cent of the poverty line in 2004 to all older persons in certain age groups. There are three schemes to examine: an NCP scheme that provides such benefits to older persons (or 60+); an NCP scheme that provides such benefits to only older persons aged 70 and above (or 70+); and an NCP scheme that provides such benefits to only older persons aged 80 and above (or 80+).

Tables 6.2 and 6.3 present the estimated results for the potential impact of a universal NCP scheme on poverty rates and the poverty gap of older persons with various demographic characteristics.

In general, both tables show that a universal NCP would have a positive impact on poverty reduction for older persons in Vietnam, and even for the Vietnamese population as a whole, although the magnitudes would be different, depending on the older persons groups. It is also obvious that, to reduce both the poverty rate and poverty gap, the NCP scheme with the first scenario (60+) would generally have larger cost

TABLE 6.2
Changes in Poverty Rate under the Proposed NCP Scheme with Different Scenarios

Indicators	% Elderly Population	Current Poverty Rate (%)	60+		70+		80+	
			Simulated Poverty Rate (%)	Percentage of Change (%)	Simulated Poverty Rate (%)	Percentage of Change (%)	Simulated Poverty Rate (%)	Percentage of Change (%)
Vietnam		**19.3**	**17.3**	**–10.4**	**18.2**	**–5.7**	**19.0**	**–1.6**
Older persons		**17.9**	**9.3**	**–48.0**	**12.7**	**–29.1**	**16.4**	**–8.4**
Marital Status, Gender and Age								
Married male, 60–69	15.4	13.4	7.1	–47.0	13.0	–3.0	13.0	–3.0
Unmarried male, 60–69	5.7	13.4	9.4	–29.9	13.2	–1.5	13.2	–1.5
Married female, 60–69	20.8	14.1	6.1	–56.7	12.5	–11.3	13.8	–2.1
Unmarried female, 60–69	7.8	18.1	11.0	–39.2	17.6	–2.8	17.6	–2.8
Married male, 70–79	8.7	17.3	7.0	–59.5	8.6	–50.3	17.3	0.0
Unmarried male, 70–79	6.6	26.7	13.7	–48.7	14.9	–44.2	26.7	0.0
Married female, 70–79	11.3	20.6	7.5	–63.6	8.0	–61.2	19.5	–5.3
Unmarried female, 70–79	8.6	23.8	14.0	–41.2	14.0	–41.2	23.5	–1.3
Married male, 80+	1.5	20.2	9.7	–52.0	9.8	–51.5	12.7	–37.1
Unmarried male, 80+	3.8	23.2	17.5	–24.6	17.5	–24.6	17.5	–24.6
Married female, 80+	2.8	21.9	12.6	–42.5	12.6	–42.5	12.6	–42.5
Unmarried female, 80+	7.0	20.4	11.5	–43.6	12.4	–39.2	12.4	–39.2
Gender and Residential Areas								
Male, Urban	11.2	2.9	1.6	–44.8	2.2	–24.1	2.7	–6.9
Male, Rural	30.4	21.4	10.9	–49.1	15.4	–28.0	20.1	–6.1
Female, Urban	15.5	5.3	1.5	–71.7	2.4	–54.7	3.8	–28.3
Female, Rural	42.9	23.8	12.9	–45.8	17.1	–28.2	21.9	–8.0
Residential Regions								
Red River Delta	25.8	16.3	5.7	–65.0	8.6	–47.2	14.3	–12.3
Northeast	10.5	25.2	18.1	–28.2	22.3	–11.5	24.1	–4.4
Northwest	1.9	53.2	42.4	–20.3	50.4	–5.3	52.5	–1.3
North Central Coast	12.6	31.2	15.7	–49.7	21.2	–32.1	27.4	–12.2
South Central Coast	9.9	21.6	11.1	–48.6	15.7	–27.3	19.8	–8.3
Central Highlands	3.4	24.1	15.5	–35.7	18.9	–21.6	23.4	–2.9
Southeast	15.4	2.8	2.0	–28.6	2.6	–7.1	2.7	–3.6
Mekong River Delta	20.6	13.1	5.7	–56.5	9.1	–30.5	12.5	–4.6
Living Arrangements								
Alone	5.6	21.4	2.7	–87.4	5.2	–75.7	16.4	–23.4
Only Married Couple	14.4	14.0	1.6	–88.6	4.5	–67.9	12.9	–7.9
With Children	75.5	18.6	11.4	–38.7	15.1	–18.8	17.6	–5.4
With Others, no Children	4.5	14.8	6.6	–55.4	7.5	–49.3	7.7	–48.0
Working?								
Yes	43.9	18.4	8.2	–55.4	13.4	–27.2	17.4	–5.4
No	56.1	17.5	10.1	–42.3	12.1	–30.9	15.6	–10.9
Receiving Social Insurance?								
Yes, Male	12.1	6.7	2.7	–59.7	4.6	–31.3	6.3	–6.0
No, Male	29.5	20.4	10.7	–47.5	14.8	–27.5	19.2	–5.9
Yes, Female	11.1	6.5	1.7	–73.8	3.9	–40.0	6.0	–7.7
No, Female	47.3	21.8	11.8	–45.9	15.4	–29.4	19.6	–10.1

Source: Authors' own calculations based on VHLSS 2004.

TABLE 6.3
Changes in Poverty Gap under the Proposed NCP Scheme

Indicators	% Elderly Population	Current Total Poverty Gap (blion VND)	60+		70+		80+	
			Simulated Total Poverty Gap (billion VND)	Percentage of Change (%)	Simulated Total Poverty Gap (billion VND)	Percentage of Change (%)	Simulated Total Poverty Gap (billion VND)	Percentage of Change (%)
Vietnam		**7,662**	**6,592**	**–14.0**	**7,008**	**–8.5**	**7,456**	**–2.7**
All Older persons		**671**	**280**	**–58.2**	**416**	**–38**	**588**	**–12.3**
Gender, Marital Status, and Age								
Married male, 60–69	15.4	93.4	43.6	–53.3	89.6	–4.1	90.5	–3.1
Unmarried male, 60–69	5.7	10.4	5.4	–48.1	9.4	–9.6	10.3	–1.0
Married female, 60–69	20.8	86.3	31.4	–63.6	72.0	–16.6	82.9	–3.9
Unmarried female, 60–69	7.8	74.0	37.0	–50.0	71.7	–3.1	71.7	–3.1
Married male, 70–79	8.7	78.5	27.0	–65.6	31.6	–59.7	78.5	0.0
Unmarried male, 70–79	6.6	28.1	15.6	–44.5	16.0	–43.1	28.1	0.0
Married female, 70–79	11.3	56.0	13.2	–74.4	14.1	–74.8	50.1	–10.5
Unmarried female, 70–79	8.6	115.0	52.3	–54.5	52.5	–54.3	114.8	–0.2
Married male, 80+	1.5	25.1	4.1	–83.7	5.1	–79.7	7.6	–69.7
Unmarried male, 80+	3.8	23.4	15.1	–35.5	15.1	–35.5	15.1	–35.5
Married female, 80+	2.8	13.3	2.4	–82.0	2.4	–82.0	2.4	–82.0
Unmarried female, 80+	7.0	67.0	33.4	–50.1	36.3	–49.9	36.3	–49.9
Gender and Residential Areas								
Male, Urban	11.2	10.0	4.0	–60.0	6.4	–36.0	8.5	–17.0
Male, Rural	30.4	249.0	107.0	–57.0	161.0	–35.7	222.0	–10.8
Female, Urban	15.5	24.0	4.1	–82.6	7.4	–68.5	17.0	–27.7
Female, Rural	42.9	388.0	165.4	–57.4	242.0	–37.6	341.0	–12.1
Residential Regions								
Red River Delta	25.8	128.0	29.6	–76.9	58.7	–54.1	107.0	–16.4
Northeast	10.5	103.0	57.4	–44.3	80.2	–22.1	93.9	–8.8
Northwest	1.9	49.9	28.4	–43.1	41.1	–17.6	47.6	–4.6
North Central Coast	12.6	159.0	69.5	–56.3	97.4	–38.7	137.0	–13.8
South Central Coast	9.9	90.4	33.4	–63.1	48.2	–46.7	72.3	–20.0
Central Highlands	3.4	43.5	20.8	–52.2	25.5	–41.4	40.8	–6.2
Southeast	15.4	16.4	9.1	–44.5	14.7	–10.4	15.9	–3.0
Mekong River Delta	20.6	80.3	32.3	–59.8	50.0	–37.7	73.8	–8.1
Living Arrangements								
Alone	5.6	50.7	1.8	–96.4	8.1	–84.0	39.2	–22.7
Only Married Couple	14.4	73.0	2.1	–97.1	13.3	–81.8	54.1	–25.9
With Children	75.5	524.0	265.0	–49.4	382.0	–27.1	481.0	–8.2
With Others, no Children	4.5	23.3	11.6	–50.2	12.4	–46.8	14.0	–39.9
Working?								
Yes	43.9	293.0	107.0	–63.5	196.8	–32.8	272.0	–7.2
No	56.1	378.0	173.5	–54.1	219.0	–42.1	316.3	–16.3
Receiving Social Insurance?								
Yes, Male	12.1	27.3	10.1	–63.0	17.1	–37.4	24.5	–10.2
No, Male	29.5	232.0	100.2	–56.8	150.0	–35.3	206.0	–11.2
Yes, Female	11.1	19.7	3.2	–83.8	9.7	–50.8	16.8	–14.7
No, Female	47.3	392.0	167.0	–57.4	239.0	–39.0	341.0	–13.0

Source: Authors' own calculations based on VHLSS 2004.

and a greater impact than with the second scenario (70+), and the third scenario (80+).

As can be seen from these tables, for all age brackets, the proposed universal NCP scheme under the three scenarios would reduce poverty rates and poverty gaps more substantially for married older persons than their unmarried counterparts. More specifically, in each age group, married women would be more likely to have their poverty rates and poverty gaps reduced than others, while unmarried women would be less able to do so than others. One interesting finding here is that, even with an NCP scheme with higher eligibility ages, younger older person, who are not actually eligible beneficiaries, would still be able to reduce their poverty rates and poverty gaps. In other words, an NCP scheme would be able to help reduce the poverty incidence for eligible older persons' family members who are not eligible to receive benefits. As explained, we assume that an older person's benefits from an NCP scheme would be shared among members of that older person's household, and as such would improve per capita expenditure for each member of the household.

By gender and residential areas, the estimates clearly show that urban older persons, especially women, in all three scenarios, would probably be more likely to reduce their poverty rates and poverty gaps than other older persons groups. Among rural older persons, female older persons would also have a lower poverty rate and poverty gap than their male counterparts. In other words, such an NCP scheme would have a female-oriented impact on poverty incidence.

In comparison with other regions, except the southeast, in all three scenarios, the results generally indicate that older persons living in the northwest, which is a mountainous and remote region with underdeveloped infrastructure and human resources, would be less able to reduce their poverty incidence. This finding can also be explained by another fact which is that northwestern older persons are very poor, and thus, given the same amount of benefits from the proposed NCP scheme, they would be less likely than older persons living in other regions to improve their living standards. As such, regional differences should be carefully considered in implementing an NCP scheme for older persons.

In terms of living arrangements, the findings generally indicate that older persons living alone and older persons living as married couples would be able to reduce both poverty rates and the poverty gaps significantly with all NCP scenarios. In comparison to other older persons

groups, older persons living with children would be the least able to reduce poverty incidence with all NCP scenarios. This estimate can be expounded by the fact that the average number of members in the households of older persons living with children was significantly higher than those with other living arrangements, and as such, the former might have lower per capita expenditure than the latter.

For potential changes in both the poverty rate and poverty gap in terms of working and non-working older persons, the NCP scheme with the first scenario (60+) shows that working older persons would be more likely to reduce these poverty indices than non-working older persons. However, the findings are the opposite for the NCP scheme with the last two scenarios (70+ and 80+). These estimates can be elucidated by the fact (not shown) that young older persons accounted for about 50 per cent of the older persons population, and that the young elderly accounted for about 70 per cent of working older persons, while the respective percentages for older elderly persons and oldest older persons accounted are 28 per cent, and 3 per cent only. Therefore, the NCP scheme with the first scenario would have a more significant and direct impact than the NCP scheme with the other two scenarios in reducing the poverty rates and poverty gaps for these groups.

Similar results are found for older persons as recipients and non-recipients of social insurance benefits. The estimates indicate that, with the same benefits provided, recipient older persons, particularly women, would be more likely than non-recipient counterparts in reducing their poverty indices. This finding is supported by the fact that, on average, the former's households had smaller size and significantly higher per capita expenditure than those of the latter. Also, the former's households might have more than one recipient. Thus, the impact of NCP benefits on the former will be larger than on the latter. Another possible reason for this finding is that receipt of social insurance benefits is strongly associated with lower probability of poverty of the older person's households in both urban and rural areas (Giang and Pfau 2008).

Costs and Benefits of the Proposed Universal NCP Schemes

Our next analysis considers how much the proposed NCP scheme will cost to get a reduction in the older persons poverty rates and poverty gaps as discussed above.

Table 6.4 provides a detailed cost simulation for reducing poverty gap with each scenario of the universal NCP scheme, which provides a benefit equal to 50 per cent of the poverty line in 2004 to all eligible older persons. It is noted that the estimated total cost is only for benefits payments, without considering any administrative and other related costs for implementation.

It is obvious that the estimated total cost would be lower when the eligible age is higher. With a universal NCP scheme under the first scenario (60+), the total cost would be about 1.2 per cent of GDP in 2004, while those for the second (70+) and third scenarios (80+) would be only 0.6 per cent and 0.2 per cent of GDP, respectively, in 2004.

By combining gender and marital status, the estimated results show that, in all age brackets, the probability of the poverty gap closing for married older persons would be generally higher than that for unmarried older persons. In particular, such marital status differences would be higher for older persons at more advanced ages; for example, the percentage changes in the poverty gap for unmarried older men in the 80 and above age groups would be less than 40 per cent, while those for married older men in the same age group would be more than 70 per cent. As mentioned previously, the older persons' benefits can impact poverty in four ways under our assumptions, and the findings for non-recipient older persons with two scenarios of the NCP scheme (that is, for the 70+ and 80+) support this argument. For instance, married young older women would be able to reduce their poverty gap by 16.6 per cent in NCP scheme for older persons aged 70+ and by 3.9 per cent in the scheme for older persons aged 80+, although they would not be recipients under the scheme. As mentioned earlier, such findings suggest that NCP benefits will be shared among members of older persons' households. In other words, the potential impact of an NCP scheme would only not be a reduction of older persons' poverty, but also a reduction of poverty for the older persons' family members.

We now proceed further to see whether the proposed NCP scheme would be able to reduce inequality, which is measured by the Gini coefficient, for Vietnam in general, and for older persons in particular. A Gini coefficient shows the degree of equality with which incomes or expenditures are divided in a society, with a score of zero showing perfect equality, and a score of one showing that all resources in society are held by one household. Also, we will explore how the NCP benefits would be used among recipients and non-recipients.

TABLE 6.4
Cost of the Proposed NCP Scheme with Three Different Scenarios

Indicators	60+		70+		80+	
	Total Costs (billion VND)	Percentage Change of Poverty Gap	Total Costs (billion VND)	Percentage Change of Poverty Gap	Total Costs (billion VND)	Percentage Change of Poverty Gap
Total Cost	**8,204**	**–58.2**	**4,110**	**–38.2**	**1,238**	**–12.3**
As % of GDP 2004	**1.2**		**0.6**		**0.2**	
Gender, Marital Status, and Age						
Married male, 60–69	1,263	–53.3	0	–4.1	0	–3.1
Unmarried male, 60–69	468	–48.1	0	–9.6	0	–1.0
Married female, 60–69	1,706	–63.6	0	–16.6	0	–3.9
Unmarried female, 60–69	640	–50.0	0	–3.1	0	–3.1
Married male, 70–79	714	–65.6	1,020	–59.7	0	0.0
Unmarried male, 70–79	541	–44.5	225	–43.1	0	0.0
Married female, 70–79	927	–74.4	612	–74.8	0	–10.5
Unmarried female, 70–79	706	–54.5	1,014	–54.3	0	–0.2
Married male, 80+	123	–83.7	238	–79.7	237	–69.7
Unmarried male, 80+	312	–35.5	193	–35.5	193	–35.5
Married female, 80+	230	–82.0	118	–82.0	118	–82.0
Unmarried female, 80+	574	–50.1	690	–49.9	690	–49.9
Gender and Residential Areas						
Male, Urban	919	–60.0	416	–36.0	125	–17.0
Male, Rural	2,494	–57.0	1,259	–35.7	306	–10.8
Female, Urban	1,272	–82.6	605	–68.5	209	–27.7
Female, Rural	3,519	–57.4	1,830	–37.6	598	–12.1
Residential Regions						
Red River Delta	2,117	–76.9	1,070	–54.1	313	–16.4
Northeast	861	–44.3	416	–22.1	131	–8.8
Northwest	156	–43.1	72	–17.6	16	–4.6
North Central Coast	1,034	–56.3	543	–38.7	203	–13.8
South Central Coast	812	–63.1	457	–46.7	119	–20.0
Central Highlands	279	–52.2	140	–41.4	46	–6.2
Southeast	1,263	–44.5	548	–10.4	168	–3.0
Mekong River Delta	1,682	–59.8	864	–37.7	242	–8.1
Living Arrangements						
Alone	459.4	–96.4	300	–84.0	100	–22.7
Only Married Couple	1,181.4	–97.1	629	–81.8	93	–25.9
With Children	6,194	–49.4	3,006	–27.1	938	–8.2
With Others, no Children	369.2	–50.2	175	–46.8	107	–39.9
Working?						
Yes	3,602	–63.5	3,000	–32.8	109	–7.2
No	4,602	–54.1	1,110	–42.1	1,129	–16.3
Receiving Social Insurance?						
Yes, Male	993	–65.9	423	–37.4	86	–46.9
No, Male	2,420	–56.5	1,250	–35.3	345	–11.2
Yes, Female	911	–83.8	377	–50.8	151	–14.7
No, Female	3,880	–57.4	2,060	–39.0	656	–13.0

Source: Authors' own calculations based on VHLSS 2004.

Table 6.5 provides our estimated results. It is shown that, in all scenarios, an NCP scheme would help to reduce inequality for older persons, as well as the Vietnamese population, though the magnitudes of the impact would be clearly different, depending on each scenario. For instance, the Gini coefficient for older persons would be reduced from 0.377 in 2004 to 0.347 if the NCP scheme in the first scenario had been introduced that year. Accordingly, the Gini coefficient for the Vietnamese population as a whole would be decreased from 0.370 to 0.364.

Another interesting piece of information can also be seen through the estimates of the poverty ratios for older persons. These ratios are estimated by dividing per capita expenditure of older persons by the poverty line in the year 2004. The distribution of poverty ratios for older persons in 2004

TABLE 6.5
Benefits of the Proposed NCP Scheme with Different Scenarios

Indicators	Current Scheme	Simulated Scheme		
		60+	70+	80+
Population	***Gini Coefficient***			
Vietnam	0.370	0.364	0.366	0.369
Older persons	0.377	0.347	0.359	0.372
Poverty Ratios	***Percentage of the Older Persons Population***			
0% – 75%	6.9	2.8	4.2	6.0
75% – 100%	11.0	6.5	8.5	10.4
100% – 150%	23.6	21.3	23.0	23.4
150% – 250%	29.8	34.5	32.7	31.0
250% – 400%	16.8	21.5	19.0	17.3
> 400%	11.9	13.4	12.6	11.9
Scheme Indicators				
% to reduce poverty gap for the direct recipients	—	4.8%	5.7%	5.5%
% to reduce poverty gap for the older persons population	—	4.8%	6.2%	6.7%
% to reduce poverty gap for the Vietnamese population	—	13.0%	15.9%	16.6%
% spent by the direct recipients	—	47.3%	42.8%	34.8%
% spent by the older persons population	—	47.3%	47.2%	40.8%

Source: Authors' own calculations based on VHLSS 2004.

and the three NCP scenarios are presented in Table 6.5. Though the potential of the proposed NCP scheme would apparently be different in each scenario, the estimated results show that for all three scenarios, the scheme would be able to help the recipients not only to get out of poverty, but also improve per capita expenditure for non-recipients. Under the proposed NCP scheme for the first scenario (60+), for example, the number of older persons living under the poverty line would fall from 17.9 per cent to 9.3 per cent of all older persons. At the same time, the number of older persons living above the poverty line — except those whose per capita expenditure ranged between 100 per cent and 150 per cent of the poverty line — would increase, for example, from 29.8 per cent to 34.5 per cent for those older persons whose per capita expenditure ranged between 150–250 per cent of the poverty line, and from 11.9 per cent to 13.4 per cent for older persons whose per capita expenditure was more than 400 per cent of poverty line.

The above argument is also supported by some other estimates for the proposed scheme, which are presented in the lowest panel of Table 6.5. It is clearly shown that the benefits from the NCP scheme for all scenarios would be shared among recipients and non-recipients. For instance, under the third NCP scenario, the estimated cost would actually contribute only 5.5 per cent and 6.7 per cent to reducing the poverty gap for direct elderly recipients and all older persons, respectively, but would contribute about 16.6 per cent to reducing the poverty gap for the whole Vietnamese population. Also, only 34.8 per cent of the total cost would actually be spent by the direct recipients, but 40.8 per cent of the total cost would be spent by older persons as a whole. These estimates provide extremely important information for the policymakers considering an appropriate scheme under certain contexts.

Cost of the Proposed Universal NCP Scheme Given Demographic Changes

As indicated in a number of studies on the NCP scheme with different scenarios, such as the United Nations' study (2007*b*), the biggest concern for any developing country in implementing such a scheme is whether the cost of the scheme would be feasible, given various economic constraints in these countries. This question is important in the case of Vietnam as well.

Using a static approach proposed by Willmore (2007), we estimate the expected financial cost of implementing a universal NCP scheme in Vietnam. Suppose we provide the same benefits as in 2004 (50 per cent of the official poverty line), which is about 12 per cent of per capita GDP, to all eligible older persons in the three NCP scenarios. Our estimated results are shown in Table 6.6.

As the Vietnamese population ages, more older persons would be beneficiaries of the NCP scheme, and thus the expected cost of the scheme would be increased, given the fixed benefits level at 12 per cent of per capita GDP. As shown in Table 6.6, however, the expected cost of an NCP scheme in Vietnam would be as high as 3 per cent of GDP by 2050. This would be in line with the projections for many other developing countries, such as those in Schwarz (2003) and United Nations (2007*b*).

TABLE 6.6
Estimated Costs for a Universal NCP Scheme under Demographic Changes, 2004–2050

Data	VHLSS	UN (2007a)				
Year	2004	2010	2020	2030	2040	2050
Providing benefits to all older persons						
Eligible Population (as % of total population)	9.9	7.8	11.0	15.9	20.8	26.1
Benefits (as % GDP per capita)*	12	12	12	12	12	12
Total Cost (as % of GDP)**	1.2	0.94	1.32	1.91	2.50	3.1
Providing benefits to all older persons aged 70 and over						
Eligible Population (as % of total population)	4.8	3.9	4.2	6.7	10.2	13.4
Benefits (% GDP per capita)	12	12	12	12	12	12
Total Cost (as % of GDP)	0.6	0.47	0.50	0.80	1.2	1.6
Providing benefits to all older persons aged 80 and over						
Eligible Population (as % of total population)	1.5	1.1	1.4	1.6	3.1	4.8
Benefits (% GDP per capita)	12	12	12	12	12	12
Total Cost (as % of GDP)	0.2	0.13	0.17	0.19	0.37	0.58

Notes: * 50 per cent of poverty line in 2004 is equal to 12 per cent of per capita GDP in 2004.
**Total cost is measured without considering any administrative and other related costs. Numbers are rounded off.

Source: Authors' own calculations using data from VHLSS 2004 and United Nations (2007*a*).

However, the question of how to finance the expected costs is an important policy consideration, given the government's limited resources. Also, another important question is how much poverty can be reduced with such expected costs.

Concluding Remarks

With rapid social and economic changes, an ageing society produces cause for concern about public policies, particularly welfare policies aimed at protecting older persons. Given current social and economic changes, as well as the limited coverage of the social protection system, it is suggested that Vietnam have an appropriate social assistance scheme for protecting older persons. A universal NCP scheme is recommended. By using the VHLSS 2004, we explored the potential role and impact of such a scheme in reducing Vietnamese older persons' poverty. In general, we found that a universal NCP scheme would help to reduce the poverty rate and poverty gap of the older persons significantly, though the magnitude of poverty reduction for subgroups of older persons would be noticeably different. We also found that the proposed scheme would also help to reduce both the poverty rate and poverty gap for non-recipients at different levels. This is a very important implication for choosing an appropriate universal NCP scheme for Vietnam, given its social and economic contexts. Our estimation also indicated that the expected cost of the scheme would be in line with those of other developing countries with similar poverty and demographic characteristics.

As an indicative study, this chapter has been able to present a number of findings about the potential and role of a universal NCP scheme for reducing Vietnamese older persons' poverty. However, it obviously could not avoid some limitations. As mentioned earlier, the official measurement of poverty used in the chapter has some potential biases because it is established for the household as a whole, rather than for particular individuals, and thus it is difficult to analyse older persons' relative poverty and vulnerability in comparison to those of the rest of the population. Similarly, large households may bear a lighter burden than the official measurement because of economies of scale in their expenditure on housing and other goods, and when this is accounted for, along with the fact that older person households are generally smaller, we may see a rise in older persons' poverty relative to the rest of the population. In order to get more

detailed information about the poverty of older persons, a number of indicators, such as family composition and control of family resources, need to be taken into account. Also, we need to have a more comprehensive and dynamic approach to evaluate the cost and benefits of such a scheme, so as to see how it would bring benefits to the poor people in Vietnam, especially the older persons, at a reasonable and feasible cost. These drawbacks should be discussed in subsequent research.

Acknowledgement

We would like to thank the participants of the international workshop on "Financing Issues for an Ageing Society in Southeast Asia", 3–5 September 2007, Institute of Southeast Asian Studies for their useful discussions. Special thanks go to Dr Aris Ananta and Dr Evi Nurvidya Arifin for their detailed comments and suggestions on the earlier draft of this chapter. We are also thankful to Dr Larry Willmore, a research scholar at the International Institute for Applied Systems Analysis (IIASA), Austria, for his insightful suggestions on poverty analysis and policy debates on non-contributory pension schemes around the world. In addition, Giang Thanh Long would like to thank the Nippon Foundation for providing him with a generous funding through the Sasakawa Scientific Research Grant No. 19-103 in the fiscal year 2007 to conduct the research. We are, however, solely responsible for the contents of this chapter.

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PART III

Employment and Other Sources of Financial Contribution

7

EMPLOYMENT OF OLDER PERSONS Diversity across Nations and Subnations in Southeast Asia

Evi Nurvidya Arifin and Aris Ananta

Promoting an increase in labour force participation of older persons has been high on the agenda of countries facing ageing population. It is seen as a means to deal with the issue of how to finance old age within a limited or unsustainable pension fund. As noted in Hermalin et al. (2002), working has a significant impact on the life of older persons — both for their income and health. In turn, health may have a significant effect on labour supply (Cai and Kalb 2005; Kalwij and Vermeulen 2007).

The United Nations (2001) concluded that the labour force participation rate of older persons had declined worldwide significantly, in both developing and developed countries. The reduction was greater for men than women. The rate for the population aged 65 and above declined from about 55.0 per cent in 1950 to about 30.0 per cent in 2000 for men, and from about 14.0 per cent to about 10.0 per cent in the same period for women.

At the same time, labour force participation rates are usually higher in developing countries than in developed countries. The higher rate is

partly because of the limitation or non-existence of old-age income security scheme, health insurance, occupational safety, and other social safety nets. Older persons in developing countries are more likely to be forced by economic necessities to remain in the labour market. Therefore, along with the disappearance of the informal social safety net, the declining labour force participation rates among the older persons have raised concern on how to finance older persons in their old age.

From a macroeconomic point of view, delaying the retirement age and letting older persons remain at work in old age is good because it can minimize the use of retirement resources and older persons can continue to produce goods and services and hence contribute to economic growth. From a microeconomic point of view, keeping older persons at work can be useful for their active ageing and improving their psychological well-being, thereby, reducing the cost of health care and services, as long as the elderly are not forced by economic necessity to work.

This chapter discusses the age-specific pattern of labour force participation in Southeast Asia, so as to compare the profile of older persons' participation in the labour market relative to the profile of young persons — without examining whether they are happily employed, whether they work because of economic necessity, or out of pleasure. It provides important information for further studies on the labour market in general, and employment patterns of older persons in particular.

This chapter also examines the employment patterns of older persons in Southeast Asia, especially in Singapore, Brunei Darussalam, Malaysia, Indonesia, and Thailand. Singapore and Thailand are the two countries in Southeast Asia with an advanced demographic profile, having attained below replacement level fertility rates for a relatively long time, and having the highest percentages of older persons among the ASEAN countries. The other extreme is the relatively low percentage of older persons in Brunei Darussalam. The ageing process in Malaysia and Indonesia is in a phase between these two extremes.

This chapter also studies subnational economies in the region, as discussions at the national level of large countries may obscure many important issues. Because of so many variations within a country, we concentrate on a few subnational economies of three countries: Indonesia's provinces of West Sumatra, Jakarta, and East Java; Thailand's provinces of Sing Buri, Chaiyaphum, and Phuket; and Malaysia's states of Johor, Penang, Trengganu, and Kuala Lumpur. To improve the comparability among the selected economies, we use the latest available population census data

sets. Therefore, all data sets examined in this chapter refer to 2000, except for that of Brunei Darussalam (2001) and some specific statistics. It is also important to note that some findings for the period between 2000 and 2001 may reflect some of the impact of the 1997–99 Southeast Asian crisis on their economies and labour markets.

In this chapter, we define older persons as those aged 60 years and above. However, not all available information on employment refers consistently to this group. In Brunei Darussalam, published statistics on employment sector and occupation ended with the age group of 55 years old and above. Malaysian statistics on older persons' employment covered those aged 60–64 only.

This chapter starts with a discussion on the context of ageing in the selected economies, particularly as it relates to migration from and/to the economies. Before analysing employment patterns by employment sector, employment status, and occupation, the chapter discusses experiences of older persons' employment in some industrialized countries, followed by an assessment of labour force participation rates among various age groups, in particular, comparing older groups with younger groups, to shed some light on the extent older persons can still contribute to the economy.

Ageing Context

Table 7.1 shows the diversity of the size of populations studied in this chapter, ranging from 0.3 million in Brunei Darussalam to 201.2 million in Indonesia at the national level, and from 0.2 million in the Thai province of Sing Buri, to 34.8 million in the Indonesian province of East Java at the subnational level. All of them undergo different ageing process, examined in this section.

Ageing population is a process in which a population becomes older, that is, when the percentage of older persons to its total population increases. Therefore, mathematically, the change in the percentage of older persons is a result of changes in fertility, mortality, and migration rates together, although discussions on ageing often only mention changes in fertility rates as a primary cause, and changes in mortality levels, a secondary cause. In this section, we discuss population ageing in the selected areas in relation to all three components of demographic changes, including migration.

The transition from high to low fertility and mortality rates will result in an increasing percentage of older persons. Migration can also play an

TABLE 7.1
Numbers of Population, Older Persons, Population Aged 15–59, and Support Ratio: Selected Economies, 2000

	Population	Older Persons (60 and above)	Population 15–59	Support ratio
Singapore[a]	3,263,209	348,729	2,213,682	6.35
Brunei Darussalam[b]	332,844	14,279	217,653	15.24
Indonesia[c]	201,230,152	14,439,967	125,539,986	8.69
Jakarta[d]	8,347,080	325,948	6,030,949	18.50
West Sumatra[e]	4,241,605	342,763	2,469,521	7.20
East Java[f]	34,763,448	3,255,327	22,638,360	6.95
Malaysia[g]	23,274,690	1,451,665	14,071,977	9.69
Kuala Lumpur	1,379,310	74,962	951,558	12.69
Johor	2,740,625	172,390	1,699,052	9.86
Penang	1,313,449	103,605	856,888	8.27
Trengganu	898,825	54,856	481,813	8.78
Thailand[h]	60,916,441	5,792,970	40,279,573	6.95
Phuket[i]	249,446	16,383	177,603	10.84
Sing Buri[j]	232,766	36,278	147,879	4.08
Chaiyaphum[k]	1,095,360	109,929	704,768	6.41

Notes: Support ratio is defined as the ratio of the population aged 15–59 to the population aged 60 and above. The statistics for the population of Brunei Darussalam refer to the year 2001.

Sources: Compiled and calculated from the following sources: a. Leow (2001); b. Department of Statistics (2003); c. Badan Pusat Statistik (2001*a*); d. Badan Pusat Statistik (2001*b*); e. Badan Pusat Statistik (2001*c*); f. Badan Pusat Statistik (2001*d*); g. Department of Statistics (2001); h. accessed from <http://web.nso.go.th/eng/en/pop2000/indiregion/wholetab2.htm>; i. National Statistical Office (2001*a*); j. National Statistical Office (2001*b*); k. National Statistical Office (2001*c*).

important role in determining population ageing. A high migration inflow, which usually comprises productive working-age population, slows down population ageing. In contrast, a high migration outflow may accelerate population ageing.

If migrants return to their home regions when they retire, then return migration will add to the number and percentage of older persons in the areas of origin and slow down the process of ageing in areas of destination. If migrants stay in the areas of destination and retire there, migrants will only postpone the ageing process in the areas of destination. The relationship between migration and ageing process becomes unclear if migrants bring their young and/or old dependants. Nevertheless, the

impact of migration is usually not very clear in large countries such as Thailand, Malaysia, and Indonesia. The impact is clearer in smaller countries and subnational economies of large countries. Therefore, several subnational economies are examined in this chapter.

To examine to what extent ageing process is taking place, we use a general classification of the age structure of the population in relation to the percentage of older persons to the total population. We classify it into four groups. A population is considered very young when the percentage of older persons (60 years and above) to the total population is less than 6.0 per cent. It is a youthful population when this percentage is between 6.0 and 8.0; and transitional, when it is between 8.0 and 12.0. A population is old when the percentage is above 12.0 per cent.[1] Figures 7.1 to 7.4 provide the grouping of the economies based on the stages of their population ageing.

Brunei Darussalam, the smallest and second richest country in Southeast Asia, is highly urbanized with 69.8 per cent of its total population living in urban areas. As seen in Table 7.2, it had a very young population, because of the large influx of migrants and the relatively higher fertility rate in this

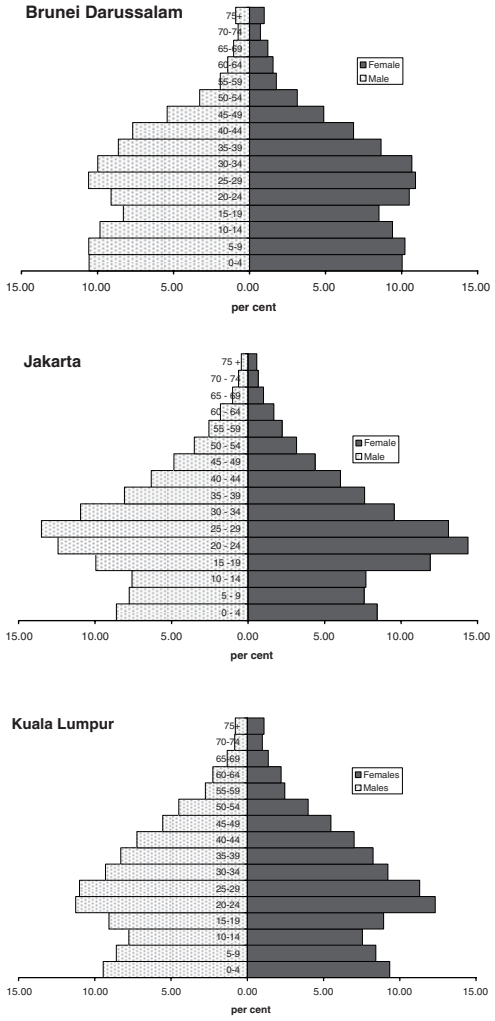
TABLE 7.2
Ageing Population and Labour Force Participation Rates (LPFR) of the Population Aged 60–64: Selected Economies in Southeast Asia, 2000

Areas	Older Persons (in percentage)			LFPR (in percentage)		
	60+	60–64	65+	60+	60–64	65+
Sing Buri, Thailand[a]	15.6	5.1	10.5	34.8	56.5	51.2
Singapore*[b]	10.7	3.4	6.6	17.9	32.8	10.8
Chaiyaphum, Thailand[c]	10.1	3.5	7.3	20.6	29.7	15.6
East Java, Indonesia[d]	9.4	3.4	6.0	66.2	74.9	61.3
West Sumatra, Indonesia[e]	8.1	2.8	5.0	60.5	72.1	54.3
Phuket, Thailand[f]	6.6	2.4	5.3	28.9	42.6	21.2
Brunei Darussalam (2001)[g]	4.3	1.5	4.2	14.6	28.0	7.5
Jakarta, Indonesia[h]	3.9	1.7	2.2	40.2	47.9	33.4

Note: * This percentage refers to the resident population.

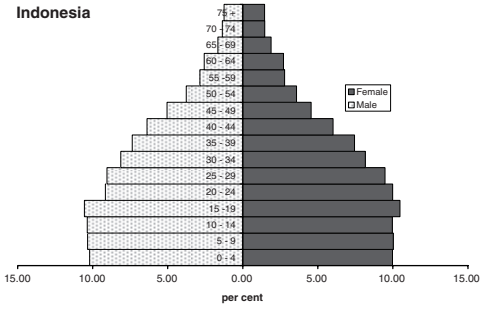
Source: a. National Statistical Office (2001*c*), b. Leow (2001), c. National Statistical Office, (2001*a*), d. Badan Pusat Statistik (2001*d*), e. Badan Pusat Statistik (2001*b*), f. National Statistical Office (2001*b*), g. Department of Statistics (2003), h. Badan Pusat Statistik (2001*b*).

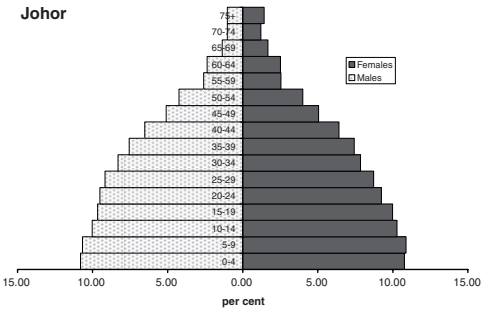
FIGURE 7.1
Age Structure of Very Young Populations:
Brunei Darussalam (2001), Jakarta, and Kuala Lumpur, 2000
(in percentage)

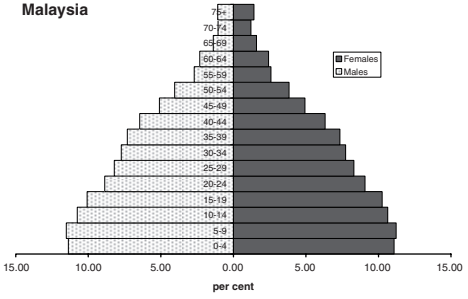


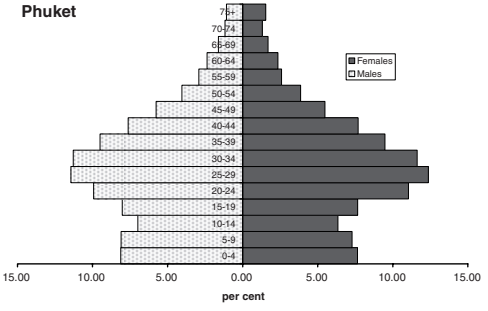
Source: Authors' calculations.

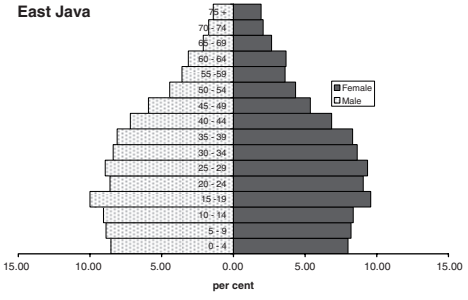
FIGURE 7.2
Age Structure of Youthful Populations:
Indonesia, West Sumatra, Phuket, Malaysia, Trengganu, Penang and Johor, 2000
(in percentage)

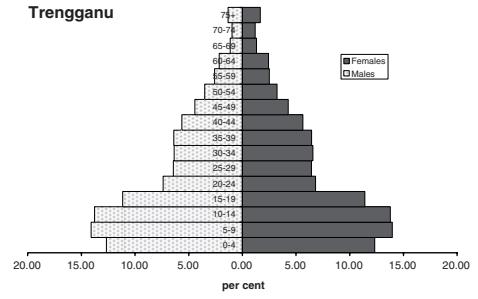


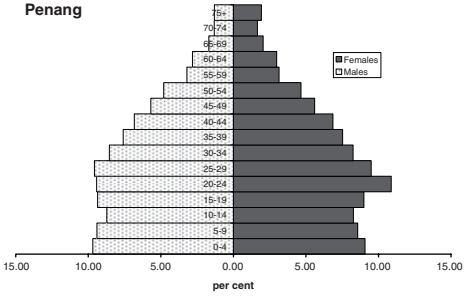






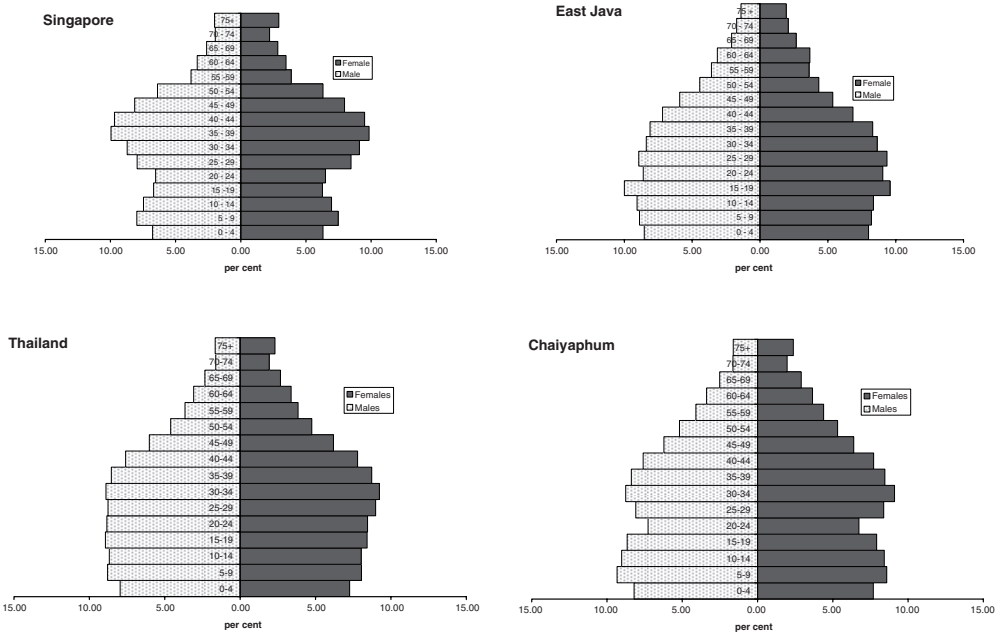






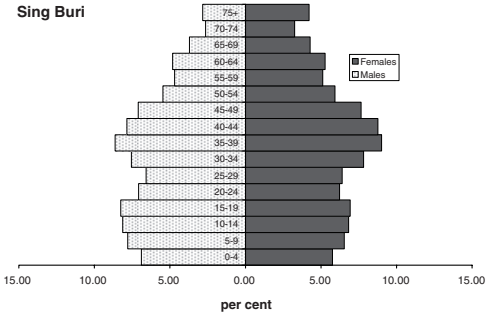
Source: Authors' calculations.

FIGURE 7.3
Age Structure of Transitional Populations: Singapore, Thailand, East Java, and Chaiyaphum, 2000 (in percentage)



Source: Authors' calculations.

FIGURE 7.4
Age Structure of Old Population: Sing Buri, 2000 (in percentage)



Source: Authors' calculations.

country, compared with Indonesia, Thailand, and Singapore.[2] International migration has played a very important role in the nation's population dynamics and its role seems to continue increasing (Azim 2002). Temporary residents formed a significant portion, 26.6 per cent, of Brunei Darussalam's total population in 2001, while 28.9 per cent of the total population was foreign born. The percentage of the population aged 65+ among citizens and permanent residents was 3.7 per cent, higher than the 2.8 per cent for this group in the total population (including temporary residents).[3] Temporary residents aged 65 and above in the workforce accounted only for less than 1 per cent. Azim (2002) reported that most foreign workers left the country before they reached retirement age, to be replaced by younger foreign workers. Therefore, foreigners did not become part of the population of older persons in the country.

Singapore, the richest economy in Southeast Asia, relies on a knowledge-based economy. This city state has the highest percentage of older persons among countries in the region, at 12.31 per cent in 2007, having risen from 10.69 per cent in 2000. Therefore, its resident population in 2007 could already be considered an old population. However, there were 1,005,500 non-residents in the same year, comprising 21.91 per cent of the total population in Singapore.[4] If we assume the non-residents were under 60 years old, then the percentage of older persons in the total population (residents and non-residents) was only 9.61 per cent, an increase from 8.68 per cent in 2000.[5] This case gives an illustration of the impact of in-migration on the population ageing process. Singapore's population in 2007 is an old population if we restrict our calculations to the resident population. However, the Singapore population would still have been transitional population if we include the non-resident population. The relatively high percentage of older persons, even if the non-resident population is included, is because Singapore has achieved the replacement level fertility, with the crude birth rate at 17.8 births per 1,000 resident population, since 1975.

Among the subnational economies studied in this chapter, Jakarta, a mega city and the capital of Indonesia, has a very young population, despite its below replacement fertility rate since the beginning of the 1990s. Its TFR was 1.63 in 1996–99 and life expectancy at birth was 71.2 in 1996 (Badan Pusat Statistik 2001*e*). Jakarta has traditionally been receiving a large influx of migrants. Measured by lifetime migrants, 42.43 per cent of Jakarta's population comprised in-migrants, double the percentage (22.00 per cent) of out-migrants. The in-migration has deferred the population ageing process in Jakarta.

On the other hand, measured by recent migrants, in-migrants into Jakarta were only 9.20 per cent, lower than out-migrants (11.14 per cent). As noted by Jones (2002), people may be more likely to stay in Jakarta's neighbouring districts (*kabupaten*) of Bogor, Tangerang, Bekasi, and the city of Bogor in the last decade of the twentieth century. He observes that this inner zone of Jakarta had been in a process of rapid economic transformation. Therefore, out-migrants from Jakarta tended to be young and more educated persons. Yet, older persons may also have left Jakarta for its vicinity, where they can enjoy a more old-age friendly environment. Therefore, the impact of migration on ageing in Jakarta will be uncertain in the near future.

Similar to Jakarta, the Kuala Lumpur Federal Territory, a metropolitan city and the capital of Malaysia, also has a very young population, with older persons accounting for 5.4 per cent, higher than that in Jakarta. Its total fertility rate (TFR) at 2.30 was still higher than Jakarta's TFR. It also has a history of in-migration, which may have deferred the ageing process in Kuala Lumpur. However, its net migration was also very high, at minus 7.2 per cent if measured by recent migration; and a much higher rate of minus 15.8 per cent, if measured by lifetime migration.[6]

Saw (2007) argues that this large outflow from Kuala Lumpur was because of its deprived situation due to the high population density in Kuala Lumpur and high prices of houses. People moved to more comfortable and cheaper houses, obtaining jobs in manufacturing sectors available in other states, particularly Selangor, the second richest state after Penang.

Unlike Jakarta and Kuala Lumpur, the state of Johor in Malaysia, with the Strait of Johor as the international border between Malaysia and Singapore, had a youthful population in 2000. As shown in Tey (2006), Johor's TFR was still as high as 2.9 in 2000. It had also attracted a large migration to the state. The migrants included foreign citizens, who accounted for 5.5 per cent of the state population.[7] Hassan (2004) also argues that this migration, in response to new land development schemes, had caused the high population growth rate in Johor.

A history of in-migration and the still high fertility rate may explain why the percentage of older persons in Johor in 2000 was still at a stage of a youthful population.[8] With the development of the Iskandar Development Region (IDR), much more migrants will come to Johor. As a result, the ageing process in Johor is expected to slow down. It may even become a very young population, similar to Jakarta's and Kuala Lumpur's.

Trengganu, along with Pahang and Kelantan, are the three least developed states in the traditionally agricultural and rural Eastern Region of Malaysia (Hassan 2004). The state of Trengganu in Malaysia had a youthful population, with older persons forming 6.1 per cent of the total population, close to that in Johor, but the determinants of its ageing process are just the opposite.[9] The fertility rate in Trengganu was still very high, with its TFR at 3.7 in 2000, the second highest after the state of Kelantan with its TFR of 4.5. However, at the same time, Trengganu is a state with a tradition of relatively high out-migration among the young people. The net migration was minus 5.6 per cent if measured by lifetime migration; and minus 1.4 per cent, measured by recent migration (Saw 2007).

The relatively rich province of Phuket in the Southern Region of Thailand, with a poverty incidence rate of 0.2 per cent — one of the five best provinces on this score[10] — an average monthly household income of US$650.40, and a per capita GDP at US$4,814.70 in 2004, has a youthful population. The province had 6.6 per cent of its total population in 2000 made up of older persons. In contrast to Trengganu, the TFR in Phuket has been below replacement level at 1.54 since 1999, a decrease from 1.76 in 1989 (National Statistical Office 2003).[11] However, the province had received a very large flow of in-migrants, with 20.0 per cent of the population not having lived in this province five years earlier, and 38.8 per cent not born in the province. In-migration had vastly slowed down the population ageing process in Phuket.[12] Migration out from this province has been relatively low.[13]

The urbanized state of Penang was at the end of the youthful stage of the ageing process, with older persons forming 7.9 per cent of its population in 2000, and almost passing the threshold into a transitional population.[14] The second smallest state in Malaysia in terms of geographical size and the third largest economy in terms of the nation's total GDP, Penang had a relatively low fertility rate compared with Trengganu. Penang's TFR was 2.4 in 2000 (Tey 2006), which may partly explain why Penang was at the end of the youthful stage of population ageing. Also, historically Penang has been a traditional source of migrants (seen as a negative net migration), though the trend has been declining and may reverse in the near future. Measured by lifetime migration, the net migration to Penang has always been negative, though this declined from minus 2.3 per cent in 1980 to minus 1.0 per cent in 2000. On the other hand, the rate of net recent migration was 1.1 per cent in 2000.[15] A

migration survey in 2000 showed that Penang had received a large number of migrants, particularly from its neighbouring states of Kedah and Perak (Tey 2006). Its history of out-migration may have accelerated the population ageing process in Penang, but the current trend of rising in-migration may put a brake to the acceleration.

To a certain extent, the case of Penang resembled that of the province of West Sumatra, Indonesia. West Sumatra was at the beginning of a transitional population in 2000 with older persons forming 8.1 per cent of its total population. Yet, the fertility rate in this province was still high, around 3.0 in 2000. This province is also famous for its culture of *merantau* — migration out of the province by the younger generation to earn a better living. Its net migration was about minus 3.3 per cent measured by recent migrants, and about minus 15.3 per cent measured by lifetime migrants.[16] Therefore, the transitional population in West Sumatra has been determined more by the large outflow of migration from this province, rather than by its fertility.

The province of East Java, Indonesia, is considered a worker-sending province. The out-migration there is not because of the *merantau* culture, but because of a combination of economic opportunities and the declining family size in this province. East Java is also one of the important sources of low-skilled overseas workers. The fertility rate has been below replacement level since the early 1990s, with TFR at 1.87 in 1998–2002, a decline from 4.7 in 1967–71. The latest census conducted in 2000 shows a migration rate of minus 1.08 per cent if measured by recent migration, or minus 6.53 per cent if measured by lifetime migration.[17] The combination of relatively low fertility rate and high out-migration has resulted in a high percentage of older persons (9.4 per cent or 3.3 million older persons in 2000). This number was similar to the size of the total resident population of Singapore for the same year. The population of East Java was even older than that of the total population (including non-residents) of Singapore. Therefore, East Java had the challenge of having a high percentage and absolute number of older persons on the one hand and low per capita income, at only US$701 in 2002, on the other hand.

The relatively poor province of Chaiyaphum in the northeastern region of Thailand, with a poverty incidence rate of 22.57 per cent and per capita GDP at US$696.28 in 2004, is a traditional source of migrants[18] and had a transitional population in 2000. It is an agriculture-based economy with sugar as one of the crops providing revenue for the

province. Recent out-migration was 3.9 per cent, larger than recent in-migration (2.5 per cent). In other words, the net migration was minus 1.5 per cent.[19] Chaiyaphum's fertility rate reached below replacement level, at 2.14 in 1999, declining from 2.45 in 1989. More recent data show that its crude birth rate was 9.6 births per 1,000 population in 2005 (National Statistical Office 2007). Therefore, low fertility and out-migration explain its stage of ageing population.

The province of Sing Buri in the Central Region of Thailand was already classified as an old population in 2000, where older persons constituted 15.6 per cent of the total population (National Statistical Office 2007). It is the oldest population and the only old population examined in this chapter. Its fertility rate has been very low too, with a TFR of 1.64 in 1999, similar to that of Jakarta for the same year. Its crude birth rate was 11.4 births per 1,000 population in 2005 (National Statistical Office 2007). Recent in-migration was 3.8 per cent; while recent out-migration was 4.7 per cent, resulting in a minus 0.9 net migration for this province.[20] It is not a poor province though with a poverty incidence rate of 10.49 per cent in 2004, lower than the national rate of 11.25 per cent. Per capita GDP was about US$3,772.53 in 2004, higher than the national figure of US$2,532.60 (UNDP 2007).[21]

Experiences from Some Industralized Countries

The labour force participation rate of older persons (population aged 60 and above) in industrialized countries varies greatly from as low as 5.6 per cent in France to 30.1 per cent in Japan in 2005 (Williamson and Higo 2007). Labour force participation rates in most of the fifteen European Union countries for the population aged 55–64 were relatively low because most workers had early or normal retirement (Rix 2005). Furthermore, the participation rates for older persons have been declining, reflecting changes in public policies on early retirement in the industrialized countries, which have almost universal coverage of social security (United Nations 2001). Therefore, this declining trend had led these countries to develop policies encouraging older persons to remain in the labour force (Whiting 2005; Cai and Kalb 2005).

Using data from the annual March demographic supplement to the Current Population Survey (CPS), Haider and Loughran (2001) find that the labour force participation rate among the male U.S. population aged

65 and above declined over time, from 22.0 per cent in 1963 to 15.0 per cent in 1985, and then increased slightly to 20.0 per cent in the late 1990s. Meanwhile, the female older persons labour force participation rate was lower than for their male counterparts although its decline was less obvious, from 10.0 per cent in 1963 to 8.0 per cent in 1985, and it then increased to 10.0 per cent in the late 1990s. However, with regard to age, the labour force participation rate among those aged 65–69 was higher than for the older group aged 70 and above. The rate for men stood at 25.5 per cent for those aged 65–69, compared with 4.9 per cent for the oldest old (aged above 80+) in 1996–99, while the rate for women stood at 18.8 per cent and 2.1 per cent for the respective groups in the same period.

Haider and Loughran also examine the question of who worked among older persons in United States. They found that the most educated, wealthiest, and healthiest persons were the most likely to work in their golden age. They argue that the more educated and wealthy persons had stronger preferences for working, and access to jobs that allowed them to have flexibility in deciding the number of hours and level of responsibility they wished to have. They were more likely to work for shorter periods (that is, fewer working weeks and hours), at part-time jobs, self-employed jobs, jobs with flexible work arrangements, and work in service-oriented occupations. On average, they had high lifetime earnings. Despite this, they earned comparatively low wages compared with the wages of younger persons and their own wages when they themselves were young. Therefore, for these older persons, working might be more a leisure activity than an economic necessity. Being economically active may also have contributed positively to their health and, therefore, reduced their health expenditure.

The role of flexible employment for older workers receives special attention in Karoly and Zissimopoulos (2004), detailing how the entrance of the baby boomer generation to the older population reversed the declining trend of self-employment rate in United States during the 1990s. As a characteristic of self-employment in general, the self-employed older worker is also more likely to work part-time and to have family-business, or self-employed spouse. Self-employment also provides older persons with the opportunity to go on working for a longer period and to have more flexible working hours, given their deteriorating health. Self-employment can also be a transition for older persons before they get out of the labour force.

Williamson and Higo (2007) provide some comparative insights on why older persons are willing to work by analysing the reasons the labour force participation rate of older persons is higher in Japan than that in the United States. First, older Japanese persons want to maintain the standard of living they already enjoyed when they were in their late 50s. The pension may be too small. The second reason is the availability of flexible employment, such as self-employment and part-time jobs. The rate of self-employment for workers aged 65 and above was 51.9 per cent in Japan (2004), much higher than the 23.2 per cent in United States. Society's norms are the third reason. Sociologically, existing norms may look down on working older persons, or the existence of working older persons indicates that the society does not respect their elderly. Also, some older persons may want to enjoy leisure when they become old. Yet, the Japanese highly value older persons, particularly men, who stay in the labour force as long as possible. Psychologically, they may feel that they are not parasites in the economy. In the United States, society can better accept men withdrawing from the labour force early. The fourth factor is the more active role of the Japanese Government in encouraging older persons to work. Fifth, Japanese older persons are healthier than their U.S. counterparts. In 2004, the healthy life expectancy in Japan was 75.0, much higher than the 69.3 in the United States.

A negative attitude towards older workers is found in New Zealand. McGregor (2002) shows that social prejudice against older persons has resulted in negative stereotyping. Workers aged 55 and above are often seen as having difficulties in adapting — that they are resistant to change, and have problems with computer technology. However, she also found positive stereotyping of older workers being more reliable, local, and committed to their jobs. In general though, her study of the New Zealand workplace indicates pronounced negative stereotyping about older workers. This stereotype was held by both the employers and older workers themselves.

Labour Market Participation

Ageing and Labour Force Participation Rate

As previously mentioned, labour force participation rates among older persons are usually much higher in developing countries than in developed

countries. Inadequate old-age income security and other social safety nets, weak financial markets, and poor macroeconomic condition may force older persons in developing countries to work. Working can be the only means to survive during old age. Being retired, or not working for money at all, could be a luxury for many older persons. The question is, therefore, what kind of jobs they can take up, given the constraints of their health and skills. The issue is not simply a job, but a job which can provide older workers with sufficient income to get them out of poverty. This section concentrates on older persons' labour force participation as a step before examining employment patterns.

Regardless of the age group, the overall labour force in Southeast Asia grew 2.2 per cent annually in 2000–06. The absolute number rose by 13.5 per cent, pressuring the economy to provide productive opportunities. In Cambodia, where the pressure was very huge, there was an increase of 52.8 per cent in its labour force. At the other extreme, the expansion of the labour force in Singapore and Thailand was less than 9.0 per cent, reflecting the rapid population ageing process in these two countries.[22] Indonesia, Brunei Darussalam, and Myanmar had expansion rates of about 14.0 per cent. Others, as described in ILO (2007), had rates somewhere in between — in Malaysia 16.6 per cent, the Philippines 20.0 per cent, and Lao PDR 24.5 per cent.

Table 7.2 shows how labour force participation rates varied in 2000 across the economies examined in this chapter. The province of Sing Buri, the only old population in this chapter, had about one third of its older persons participating in the labour force. This rate was not much different from the rate for Jakarta (40.2 per cent) although Jakarta had a very young population, the youngest among the populations studied in this chapter. Moreover, these rates were not totally different from those in some industrialized countries such as Japan (55.5 per cent) and the United States (47.1 per cent) in 2000 (ILO 2001).

On the other hand, Brunei Darussalam, another economy with a very young population, had a very low labour force participation rate (14.6 per cent) among its older persons. Like Brunei Darussalam, older persons of the Singapore resident population also had a low labour force participation rate (17.9 per cent), despite the fact that the country was already at the transitional phase of the population ageing process. The workforce of the Singapore resident population has consisted predominantly of younger workers.

The province of Chaiyaphum also had a relatively high percentage (10.1 per cent) of older persons, but the labour force participation rate among them was only 20.6 per cent. Nevertheless, this rate was still higher than the lowest rate in industrialized countries — France with 14.5 per cent in 2000 (ILO 2001). The low labour force participation rate among older persons in Chaiyaphum may reflect the overall low rate of age-specific labour force participation in the province. The highest rate for male labour force participation rate was about 60.0 per cent for the age group 25–29. It was much lower than the roughly 90.0 per cent for the same age group in other areas such as the provinces of Phuket and Sing Buri in Thailand; and Jakarta, West Sumatra, and East Java in Indonesia. The highest rate in Chaiyaphum was even lower than those in Singapore and Brunei Darussalam.

One possibility is that there were a lot of non-monetized activities in Chaiyaphum. As discussed later in this chapter, employment in the province of Chaiyaphum was dominated by unpaid workers. Remittances from the population working outside the province may also contribute to the low participation rate in this province.

On the other hand, labour force participation rates of older persons in the provinces of West Sumatra and East Java were much higher than others, at about 60.0 per cent in West Sumatra and almost 70.0 per cent in East Java for the population aged 60 and above. In these provinces, almost 90.0 per cent of the male population aged 60–64, and more than half of the female population aged 60–64 still worked.

As expected, Table 7.2 shows that the labour force participation among older persons declined as age increased and the decline varied considerably across economies. The participation of "young" older persons, aged 60–64, was at least twofold that of those aged 65 and above, except in the three Indonesian provinces. In the Indonesian provinces of East Java and West Sumatra the participation rates of persons aged 65 and above was still above 50 per cent, while that in Jakarta of the same age group was around one third. This pattern is also seen among the European countries examined by Kalwij and Vermuelen (2007).

Therefore, as indicated in Table 7.2, there is no clear relationship between the age structure of a population and the labour force participation rate of its older persons. Several factors may explain the absence of the relationship. Clearly, older persons' active participation in the labour market is not necessarily related to their age. The economic situation, ease of getting

jobs for older persons, the skills and health of the older persons themselves, and the availability of old-age income security as well as transfers from relatives, friends, and the younger generation may be important factors for older persons' participation in the labour market. High inflation may also have discouraged them from saving when they were young and, therefore, they have to continue working when they are old. In the next section we discuss age-specific labour force participation rates, comparing those for the young and old, men and women.

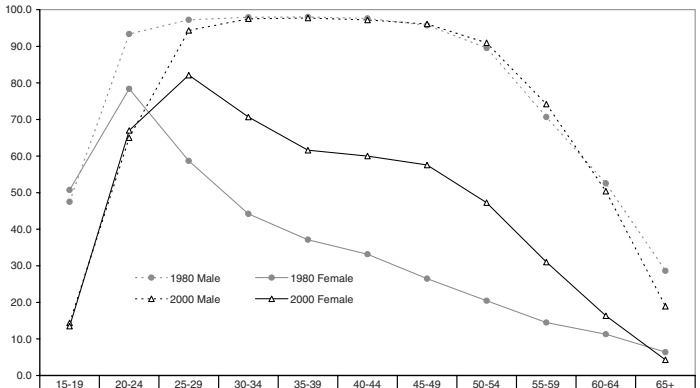
Diversity by Age and Sex

In general, the potential working life span of a person is fifty years, starting at the age of 15 and ending at the age of 65 (Dasvarma 2002). Furthermore, according to Dasvarma, in a country where the majority lives in rural areas with agriculture-based economies, people start entering the labour market at earlier age and continue to participate in it even beyond the age of 65, providing a lengthier potential working life span. The increase in working life span may have many implications on the availability of human resources and welfare for older persons, in particular, and the whole economy in general. However, morbidity, disability, and mortality can disrupt a potential working life span, which varies across genders and social economic factors. In particular, for women, entering married life can be an important factor affecting their working life span.

This section assesses age-specific patterns of labour force participation rates for the selected national and subnational economies, providing a comparison between older persons' and younger persons' labour participation rates. The statistics are presented in five-year age groups, starting from the age of 15 and ending beyond 65. It excludes child labour, which is not within the scope of this chapter.

Figures 7.5 to 7.15 show that the association between labour force participation rate and age followed an inverted-U curve, with the male rate higher than the female one. At younger ages, people might still go to school and, therefore, the participation rates were low. The rate eventually rose with age until a certain age level when it started to decline. A "sudden" decline in the labour force participation rate then occurred at the older ages, the "retirement" ages. This retirement age can be the official retirement age, or the "real" retirement age, when people can no longer find jobs although they want to. People do not work because they cannot find jobs

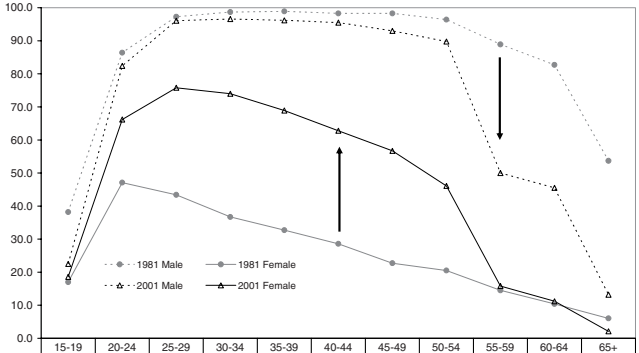
FIGURE 7.5
Age-Specific Labour Force Participation Rates by Sex: Singapore, 1980 and 2000



	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65+
1980 Male	47.5	93.4	97.2	97.9	98.0	97.6	95.7	89.6	70.7	52.5	28.6
1980 Female	50.7	78.4	58.7	44.2	37.1	33.2	26.5	20.4	14.5	11.3	6.4
2000 Male	14.4	65.0	94.3	97.5	97.7	97.2	96.1	91.0	74.2	50.4	18.9
2000 Female	13.5	67.0	82.1	70.7	61.6	60.0	57.5	47.3	31.0	16.3	4.3

Source: Leow (2001).

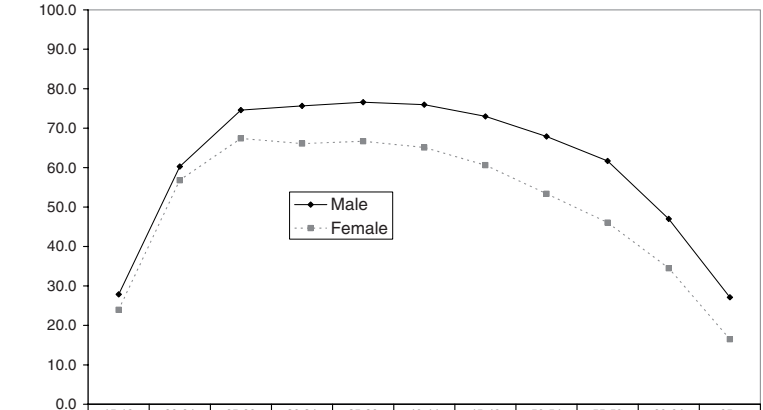
FIGURE 7.6
Age-Specific Labour Force Participation Rates by Sex: Brunei Darussalam, 1981 and 2001



	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65+
1981 Male	38.2	86.4	97.3	98.7	98.9	98.3	98.3	96.4	88.9	82.7	53.7
1981 Female	17.0	47.1	43.4	36.7	32.7	28.6	22.7	20.5	14.5	10.4	6.0
2001 Male	22.5	82.4	96.1	96.6	96.2	95.5	93.0	89.8	50.0	45.5	13.2
2001 Female	18.6	66.2	75.8	74.0	68.9	62.8	56.7	46.1	15.8	11.2	2.1

Source: Compiled and drawn from Department of Statistics (2003).

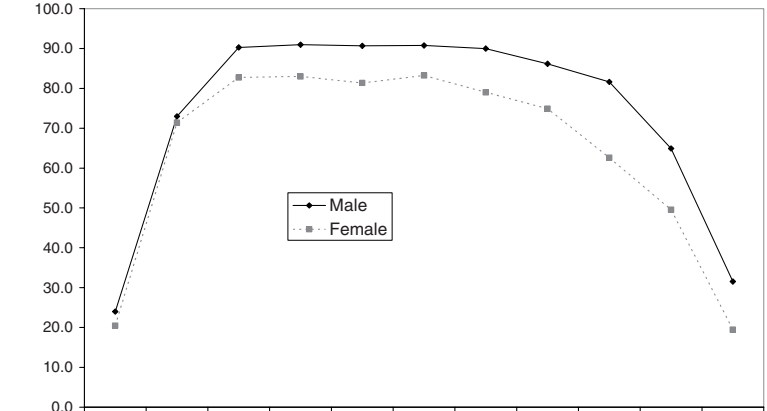
FIGURE 7.7
Age-Specific Labour Force Participation Rates by Sex: Thailand, 2000



	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65+
Male	27.87	60.28	74.59	75.65	76.55	75.93	72.99	67.88	61.69	46.99	27.12
Female	23.93	56.79	67.39	66.09	66.68	65.11	60.62	53.36	46.04	34.49	16.48

Source: Calculated and drawn from <http://web.nso.go.th/eng/en/pop2000/indiregion/wholetab2.htm>.

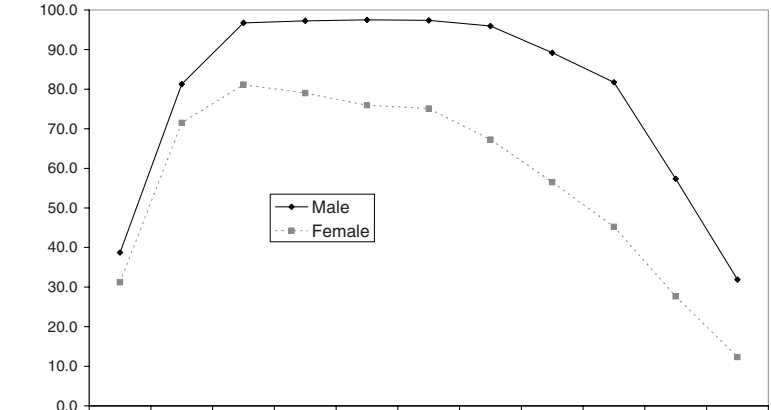
FIGURE 7.8
Age-Specific Labour Force Participation Rates by Sex: Sing Buri, Thailand, 2000



	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65+
Male	23.99	72.98	90.27	90.95	90.67	90.75	89.99	86.16	81.61	64.92	31.52
Female	20.47	71.42	82.75	82.99	81.37	83.22	79.01	74.91	62.61	49.54	19.44

Source: Calculated and drawn from National Statistical Office (2001*c*).

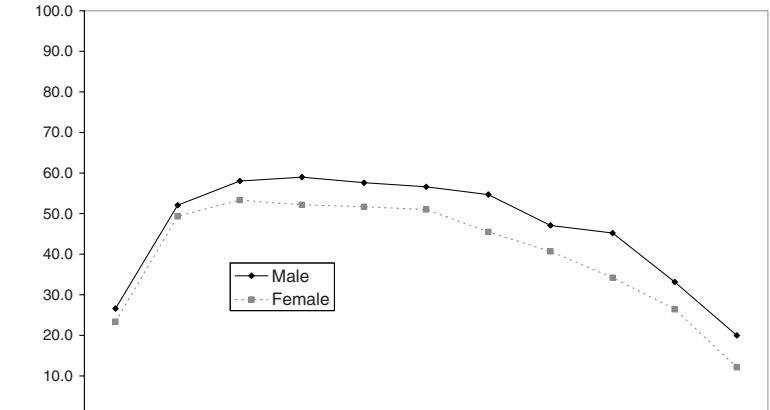
FIGURE 7.9
Age-Specific Labour Force Participation Rates by Sex: Phuket, Thailand, 2000



	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65+
Male	38.74	81.26	96.73	97.29	97.51	97.38	95.97	89.19	81.74	57.35	31.89
Female	31.20	71.47	81.14	79.01	75.94	75.08	67.25	56.51	45.24	27.65	12.32

Source: Calculated and drawn from National Statistical Office (2001*b*).

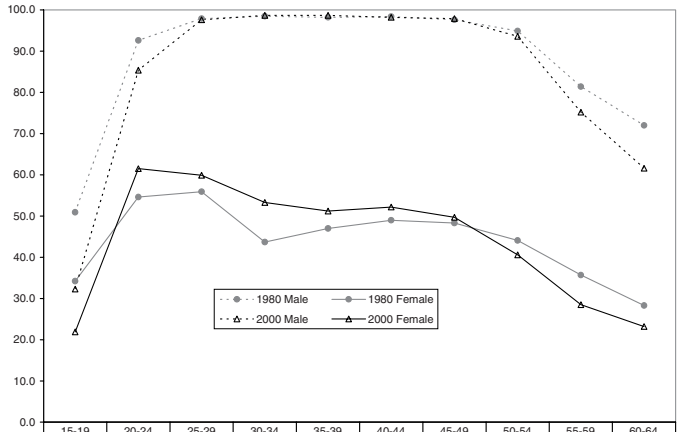
FIGURE 7.10
Age-Specific Labour Force Participation Rates by Sex: Chaiyaphum, Thailand, 2000



	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65+
Male	26.61	52.05	58.02	58.99	57.62	56.62	54.69	47.10	45.21	33.15	19.96
Female	23.36	49.35	53.35	52.18	51.69	51.01	45.50	40.68	34.21	26.43	12.12

Source: Calculated and drawn from National Statistical Office (2001*a*).

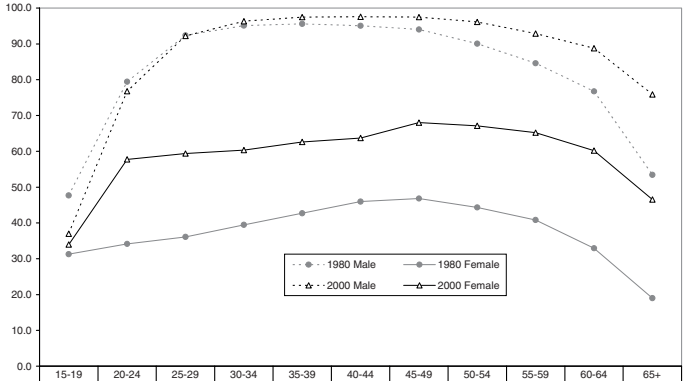
FIGURE 7.11
Age-Specific Labour Force Participation Rates by Sex: Malaysia, 1980 and 2000



	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64
1980 Male	50.9	92.6	97.9	98.5	98.2	98.4	97.6	94.9	81.4	72.0
1980 Female	34.2	54.6	55.9	43.7	47.0	49.0	48.3	44.1	35.7	28.3
2000 Male	32.3	85.4	97.6	98.7	98.7	98.2	97.9	93.6	75.2	61.6
2000 Female	21.9	61.5	59.9	53.3	51.2	52.2	49.7	40.6	28.5	23.2

Source: Compiled and drawn from Saw (2007).

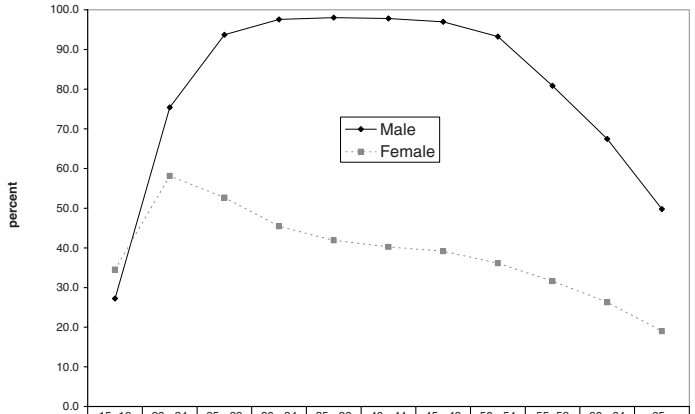
FIGURE 7.12
Age-Specific Labour Force Participation Rates by Sex: Indonesia, 1980 and 2000



	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65+
1980 Male	47.7	79.4	92.4	95.1	95.6	95.1	94.1	90.0	84.6	76.7	53.4
1980 Female	31.3	34.2	36.1	39.5	42.7	46.0	46.8	44.3	40.8	32.9	19.0
2000 Male	37.0	76.8	92.2	96.3	97.5	97.6	97.5	96.1	92.9	88.8	75.9
2000 Female	34.0	57.8	59.4	60.4	62.6	63.7	68.0	67.1	65.2	60.2	46.5

Source: Compiled and drawn from Biro Pusat Statistik (1983) and Badan Pusat Statistik (2001*a*).

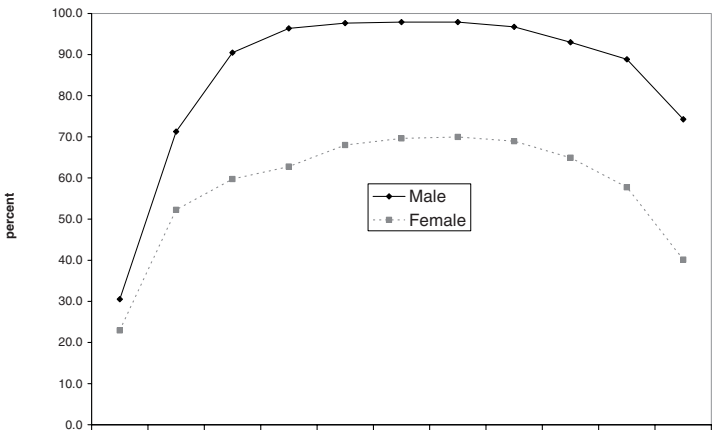
FIGURE 7.13
Age-Specific Labour Force Participation Rates by Sex:
Jakarta, Indonesia, 2000



	15 -19	20 - 24	25 - 29	30 - 34	35 - 39	40 - 44	45 - 49	50 - 54	55 -59	60 - 64	65+
Male	27.21	75.40	93.70	97.56	98.04	97.81	96.99	93.25	80.84	67.44	49.77
Female	34.52	58.10	52.66	45.44	41.88	40.25	39.16	36.14	31.62	26.29	18.99

Source: Compiled and drawn from Badan Pusat Statistik (2001*c*).

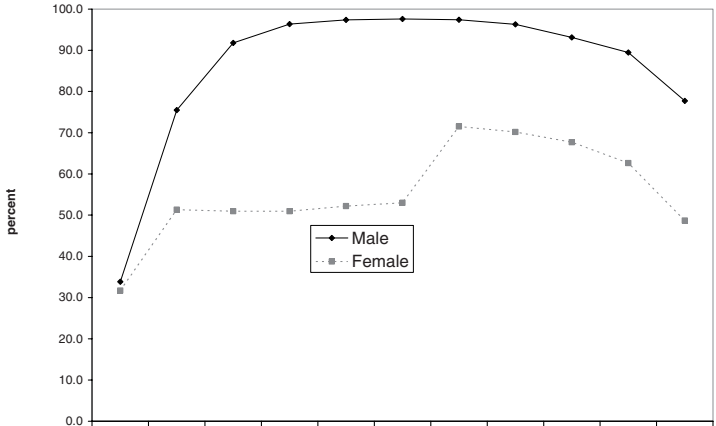
FIGURE 7.14
Age-Specific Labour Force Participation Rates by Sex:
West Sumatra, Indonesia, 2000



	15 -19	20 - 24	25 - 29	30 - 34	35 - 39	40 - 44	45 - 49	50 - 54	55 -59	60 - 64	65+
Male	30.51	71.29	90.48	96.37	97.65	97.89	97.90	96.75	93.01	88.83	74.26
Female	22.93	52.22	59.74	62.78	68.02	69.63	69.99	68.96	64.91	57.74	40.16

Source: Compiled and drawn from Badan Pusat Statistik (2001*b*).

FIGURE 7.15
Age-Specific Labour Force Participation Rates by Sex: East Java, Indonesia, 2000



	15 -19	20 - 24	25 - 29	30 - 34	35 - 39	40 - 44	45 - 49	50 - 54	55 -59	60 - 64	65+
Male	33.84	75.47	91.80	96.36	97.39	97.61	97.43	96.29	93.14	89.47	77.72
Female	31.72	51.31	50.95	50.94	52.19	52.99	71.54	70.19	67.70	62.62	48.67

Source: Compiled and drawn from Badan Pusat Statistik (2001*d*).

though they are able and willing to work, or their physical conditions do not allow them to work, and/or they are financially secure and, therefore, they want to enjoy their old age.

Drastic declines in the participation rate was often found in the group aged 55–59, after retirement at age 55. This is particularly obvious in Brunei Darussalam. In 2001, the rate dropped from 89.8 per cent for those aged 50–54 to 50.0 per cent for those aged 55–59 among the male population; and from 46.1 per cent to 15.8 per cent for the female population. The existence of a monthly pension and allowance for older persons in the population with dependants under working age for citizens, permanent residents, and those who have been working for thirty years in Brunei Darussalam, as well as the existence of other social safety nets such as those for health and education, may explain the big drop and the nation's relatively low labour force participation rate of older persons in this country (Cleary and Maricar 2000). Older persons in Brunei Darussalam may have much less of an economic burden to necessitate their participation in the labour market, at least compared with those in other economies studied in this chapter.

An exception to this general pattern was observed in the Thai provinces of Chaiyaphum, Sing Buri and Phuket, and the Indonesian provinces of West Sumatra and East Java. The sudden decline occurred at later ages, 60–64, in the three Thai provinces, and at 65+ in the two Indonesian provinces. This may be because there are more employment opportunities with flexible arrangement in these provinces, and hence people may continue working, even on reaching retirement age. Perhaps, in an economy with abundant jobs with flexible arrangements and agricultural employment, there is no notion of a "retirement age", unless they intentionally do not want to work or their health has deteriorated making them unable to work. A retirement age is only seen in formal sectors there.

Figures 7.5 and 7.13 display quite a similar pattern of age-specific labour force participation rate for the resident population of Singapore and total population of Jakarta, the capital of Indonesia, but with a difference. At the age of 25–29, men in both Singapore and Jakarta have nearly reached the peak of participation, with the rate already above 90 per cent and remaining above 90 per cent until age 50–54. However, from age 55–59, the rates in Singapore declined much faster than the rates in Jakarta, resulting in much higher participation rates of the population beyond 55 years old in Jakarta than in Singapore. Nearly half of the population aged 65 and above was still active in Jakarta's labour market, compared with only less than one fifth in Singapore. The difficulty in getting a job with flexible arrangements in Singapore may explain why the labour force participation rate for older persons in Singapore was much lower than the rate in Jakarta.

It can be noted here that the retirement age in Singapore was raised from 55 to 60 in 1993, and to 62 in January 1999. Meanwhile, the retirement age in Indonesia depends on the occupation, generally 55 for civil servants and 50 for military personnel. However, a previous study (Leechor 1996) shows that only a very small percentage of Indonesian workers were civil servants and military members. They comprised less than a fifth of the labour force and less than a third of formal sector employment.

On the other hand, the female labour force participation rate started to decline at a relatively very young age, peaking at 82.1 per cent among those aged 25–29 for Singaporeans (Figure 7.5) and 58.10 per cent among those aged 20–24 for Jakartans (Figure 7.13). A very small 4.3 per cent of female Singaporeans aged 65 and above was still actively involved in the labour market in 2000 while the figure was 18.99 per cent among Jakartans.

In other words, the working life span of female in Jakarta was longer than those in Singapore.

As shown in Figure 7.6, a significant increase in the female labour force participation rate was also seen in Brunei Darussalam, particularly among women aged 20 to 54. Improvement in human capital may have increased the opportunities for women to participate in the labour market. The latest figure in 2001 shows that the female labour force participation rate peaked at 75.8 per cent for those in the age group of 25–29. Since then, the rate declined slowly before a big drop from 46.1 per cent for the age group 50–54 to 15.8 per cent for the age group 55–59.

Unlike in Singapore, the peak of the age-specific female labour force participation rate in Thailand was not observed for one particular age group, but it levelled off at the maximum percentage for those aged 25 and 39 (Figure 7.7). Another pattern is shown in Indonesia as a whole. Figure 7.12 indicates that the rate steadily increased since age 20 until the end of reproductive age, 45–49, when 68.0 per cent of women were actively involved in the labour market in 2000. Then the rate slowly declined to 46.5 per cent among those aged 65 and above. The Indonesian province of East Java had another pattern. As highlighted in Figure 7.15, the rate was relatively stable during most of the reproductive age (25–44) at about 53.0 per cent. It jumped to a peak of 71.5 per cent at the end of the reproductive age (45–49).

Figures 7.5 to 7.15 reveal that a variation of age-specific labour force participation rates can be seen clearly for women in different countries or different economies within a country. This variation may reflect the degree of work-life balance among female workers at their reproductive ages. Entry to marriage may result in a smaller probability of the women entering the labour market as men are usually still the main breadwinner of the family.

Employment Sectors

We group the employment sectors into three broad sectors, namely, agriculture, industry and services, rather than using a more disaggregated classification.[23] We then classify the economies depending on what sector dominates the total employment. Therefore, we have economies with agriculture-based employment for Indonesia and its provinces of West Sumatra and East Java, as well as Thailand and its province of Chaiyaphum;

service-based employment for Singapore, Brunei Darussalam, Indonesia's capital city of Jakarta, Malaysia's capital city of Kuala Lumpur, Malaysia's states of Johor and Trengganu, and Thailand's provinces of Phuket and Sing Buri; and industry-based employment for Malaysia's state of Penang.

The Indonesian economy has seen a tremendous change, especially between 1980 and 1990 when the economy moved away from agriculture to services. The agricultural sector in Indonesia has witnessed a declining share in economic activities from 59.0 per cent in 1980, to 57.0 per cent in 1990, and then 47.1 per cent in 2000. However, as indicated in Table 7.3, agriculture was still the largest employment sector in Indonesia in 2000. Table 7.4 shows that Thailand's employment was also based on agriculture, with more than half its workers working in this sector. In both countries, industry contributed the least to employment, with services as the second largest contributor to total employment.

Furthermore, as seen in Tables 7.3 and 7.4, the percentage of workers in agriculture rose with age, while the percentage of workers in services declined with age. In other words, the older the person, the more likely did the person work in agriculture and the less likely did the person work in services. Those below 50 years old were most likely to work in services; while those above 50 years old were most likely to work in agriculture. Those aged 60 years and above were even much more likely to work in agriculture, although services was still the second largest employment sector for the older persons. The Indonesian provinces of West Sumatra and East Java, and Thailand's province of Chaiyaphum, also economies with agriculture-based employment, follow the above pattern.

This finding may indicate that older persons in economies with agriculture-based employment are more likely to work in agriculture, relative to younger persons. The dominance of agricultural employment and the ease to enter the agricultural sector in these economies may explain why older persons are most likely to work in agriculture. In the more advanced, urban economies, people may shift to work in the services sector when they become old. The relatively insignificant existence, or absence, of agricultural employment may be why older persons would work in the service sector, with its relatively easy entry compared with that for the industrial sector.

The pattern for West Sumatra and East Java is in big contrast to the one in Jakarta with its service-based employment and a very limited agricultural sector. In each age group, the percentage of workers in Jakarta working in

TABLE 7.3
Employment Sectors by Age: Indonesia and Its Selected Provinces: 2000

Age Group	Agriculture	Industry	Services	Not Stated	Total
Indonesia					
15–29	40.46	13.25	46.19	0.10	100.00
30–49	45.29	6.92	47.71	0.07	100.00
50–59	57.72	3.66	38.55	0.07	100.00
60+	65.12	2.63	32.16	0.09	100.00
Total	47.13	8.19	44.60	0.08	100.00
Jakarta					
15–29	0.92	22.95	75.94	0.19	100.00
30–49	1.37	12.65	85.80	0.18	100.00
50–59	2.12	7.22	90.46	0.20	100.00
60+	3.16	5.20	91.38	0.26	100.00
Total	1.30	16.41	82.10	0.19	100.00
West Sumatra					
15–29	50.36	4.81	44.83	0.00	100.00
30–49	51.99	3.27	44.74	0.00	100.00
50–59	61.88	2.29	35.83	0.00	100.00
60+	66.11	1.54	32.35	0.00	100.00
Total	54.34	3.39	42.27	0.00	100.00
East Java					
15–29	40.89	15.46	43.49	0.16	100.00
30–49	46.33	8.05	45.52	0.11	100.00
50–59	62.00	3.61	34.29	0.10	100.00
60+	68.57	2.48	28.83	0.13	100.00
Total	49.78	8.79	41.30	0.12	100.00

Source: Compiled and calculated from Badan Pusat Statistik (2001*a*, 2001*b*, 2001*c*, and 2001*d*).

the service sector was very high. The percentage rose with age and older workers had the highest percentage. In contrast, younger workers were likely to work in the industrial sector. The more flexible arrangements and less physical effort required in the services sector, as well as the very limited availability of agricultural employment, may have resulted in a higher percentage of workers in Jakarta working in the services sector as they become older.

With regard to the composition of the employment sector, Singapore is similar to Jakarta, where there was almost no agricultural employment. It is an economy with services-based employment which did not face an ageing workforce. The employment age structure of the resident population

TABLE 7.4
Employment Sector by Age: Thailand and Its Selected Provinces, 2000

Age Group	Agriculture	Industry	Services	Unknown	Total
Thailand					
15–29	48.45	18.28	28.49	4.78	100.00
30–49	51.64	11.79	32.78	3.80	100.00
50–59	63.78	6.26	27.08	2.88	100.00
60+	75.52	4.37	17.47	2.64	100.00
Total	54.07	12.40	29.65	3.88	100.00
Phuket					
15–29	5.81	14.28	76.85	3.06	100.00
30–49	8.85	13.30	75.10	2.75	100.00
50–59	19.31	11.41	66.71	2.57	100.00
60+	34.14	8.88	54.25	2.74	100.00
Total	9.50	13.34	74.31	2.85	100.00
Chaiyaphum					
15–29	71.96	8.24	16.14	3.66	100.00
30–49	75.13	4.97	17.24	2.66	100.00
50–59	83.54	2.13	12.21	2.12	100.00
60+	88.72	1.65	7.71	1.92	100.00
Total	76.80	5.11	15.32	2.77	100.00
Sing Buri					
15–29	22.99	35.06	38.60	3.34	100.00
30–49	34.91	21.50	42.05	1.54	100.00
50–59	51.31	12.91	34.67	1.10	100.00
60+	60.46	10.61	28.12	0.81	100.00
Total	37.85	21.69	38.71	1.75	100.00

Source: Calculated and compiled from <http://web.nso.go.th/eng/en/pop2000/indiregion/wholetab2.htm>, and National Statistical Office (2001*a*, 2001*b*, 2001*c*).

in Singapore was still very young with workers aged 60 and above accounting for only 4.0 per cent of the total workers in 2000. In that year, most (73.6 per cent) of employed persons aged 15 and above worked in the services sector. Table 7.5 shows that, similar to Jakarta, most workers in Singapore worked in the services sector regardless of age. Furthermore, the largest percentage of those working in the services sector was found among older persons aged 60 and above (83.2 per cent). Most of them worked in wholesale and retail trade, hotel and restaurants, as well as transportation and communications. Only a small percentage of older workers worked in financial services.

TABLE 7.5
Employment Sectors by Age: Singapore, 2000

	Industry	Services	Total
15–29	19.94	80.06	100.00
30–49	30.31	69.69	100.00
50–59	23.91	76.09	100.00
60+	16.83	83.17	100.00
Total	26.42	73.58	100.00

Source: Leow (2001).

The service-based and highly urbanized economy of Brunei Darussalam (with very young population) was just like Jakarta's economy. Agricultural sectors still existed, although they contributed little to total employment. For all age groups, more than 75.0 per cent of the workers were involved in services (Table 7.6). Among the workers aged 55 and above, about 80.0 percent worked in services and 16.0 per cent in industry with electricity, gas and water supply as the largest industrial segment to work for.

The pattern in Kuala Lumpur, the capital of Malaysia, was similar to that of Jakarta. As the capital of the country, the economy of Kuala Lumpur is mostly driven by the services sector which provided employment opportunities for the majority of the population, including older persons.

However, the case of Phuket, which also has services-based employment, is different from that of Jakarta, Singapore, and Brunei Darussalam. In Phuket, the percentage of workers working in the services sector declined with age. Yet, the majority (54.25 per cent) of the older workers worked in the services sector. Agriculture was the second largest contributor to employment for the older workers.

TABLE 7.6
Employment Sectors by Age: Brunei Darussalam, 2001

Age Group	Agriculture	Industry	Services	Total
15–29	1.29	21.90	76.81	100.00
30–49	1.31	21.83	76.86	100.00
50–54	1.08	16.85	82.07	100.00
55+	3.79	16.00	80.22	100.00
Total	1.36	21.43	77.20	100.00

Source: Department of Statistics (2003).

Malaysia is an economy with services-based employment, although the agricultural sector, especially for palm oil, rubber, and tin still play an important role. As seen in Table 7.7, more than half the workers involved themselves in services, nearly 30 per cent in industry, and the rest in agriculture. However, the majority of the older persons worked in

TABLE 7.7
Employment Sectors by Age: Malaysia and Its Selected States, 2000

Age Group	Agriculture	Industry	Services	Unknown	Total
Malaysia					
15–29	10.66	37.48	47.84	4.02	100
30–49	14.51	27.03	55.46	3.01	100
50–59	29.11	18.53	49.46	2.90	100
60–64	44.63	13.76	38.60	3.00	100
15–64	15.19	29.76	51.68	3.37	100
Johor					
15–29	6.39	47.26	35.98	10.37	100
30–49	11.26	33.93	46.99	7.82	100
50–59	25.49	21.83	45.84	6.84	100
60–64	39.35	15.82	37.95	6.89	100
Total	11.21	37.79	42.26	8.74	100
Penang					
15–29	0.65	55.68	33.35	10.32	100
30–49	1.25	43.64	46.96	8.15	100
50–59	4.32	30.41	57.40	7.88	100
60–64	8.34	26.13	57.34	8.18	100
Total	1.44	46.77	42.82	8.97	100
Trengganu					
15–29	11.80	37.65	50.24	0.32	100
30–49	15.23	26.84	57.84	0.09	100
50–59	33.91	19.30	46.67	0.11	100
60–64	47.73	15.46	36.69	0.11	100
Total	17.41	29.00	53.42	0.17	100
Kuala Lumpur					
15–29	0.09	19.26	80.33	0.31	100
30–49	0.14	20.70	78.96	0.21	100
50–59	0.33	19.06	80.33	0.28	100
60–64	0.59	18.44	80.58	0.39	100
Total	0.14	19.97	79.63	0.26	100

Source: Department of Statistics (2003).

agriculture. Forty-five per cent of workers aged 60 to 64 worked in agriculture and nearly 40.0 per cent in services for Malaysia as a whole.

The states of Johor and Trengganu have followed the pattern of having service as the largest employment sector, with the industry playing the second role in employment creation. However, as shown in Table 7.7, employment pattern was different between younger and older persons. In both states, those below 60 years old were more likely to work in the services sector. The older ones were more likely to work in the agricultural sector. In other words, agriculture was the more likely sector for older persons. The significant availability of agricultural employment in these economies may explain why older persons in these economies were more likely to work in the agricultural sector, rather than the services sector, though services was the dominant sector for total employment.

The Malaysian state of Penang is the only economy studied in this chapter where industry is the main sector providing job opportunities, followed by the services sector. As such, Penang was ahead in its industrialization. As seen in Table 7.7, the industry was the most attractive sector for younger persons. About 55.0 per cent of those aged 15–29 worked in the industrial sector, in contrast to only about 26.0 per cent among those aged 60–64. Services was the most likely sector for workers aged 50–59 and 60–64 to work in. Furthermore, though small, the percentage of those working in agriculture also rose with age.

In short, there are four patterns of employment among older persons in Southeast Asia. One is for economies with agriculture-based employment. Here, older persons were more likely to work in agricultural sectors. The second is for economies with services-based employment and the presence of an agricultural sector. Older persons in this economy were also more likely to work in the agricultural sector. The third is for economies with services-based employment without the availability of an agricultural sector. Here, older persons were most likely to work in the services sector. Fourth is for economies with industry-based employment, where older persons were most likely to work in the services sector.

Employment Status

In this section, we examine the employment status of older persons in comparison with younger persons. Employment status, which we group here into self-employed, employer, employee, and unpaid worker, can be

used as an indicator of either a degree of power, or a degree of flexibility in work arrangements. For example, working as a regular employee can be seen as having less flexibility than working as a self-employed worker. Due to the limitation of available information, Malaysia is not included among the selected areas of study.

There are three types of economies found among the selected economies: the economy with employee-based employment, one with self-employed-based employment, and one with unpaid-worker-based employment. As presented in Tables 7.8–7.10, Singapore, Brunei Darussalam, and the mega city of Jakarta fall into the category of employee-based employment with at least three quarters of their workers working as employees. In these economies — the majority of the older workers also worked as employees, although the percentages were lower than those for overall workers. The

TABLE 7.8
Employment Status by Age: Singapore, 2000

Age Group	Employment Status				
	Self-Employed	Employer	Employee	Unpaid Worker	Total
15–29	1.98	1.41	96.32	0.28	100
30–49	8.45	6.53	84.55	0.47	100
50–59	15.17	8.93	75.02	0.88	100
60+	19.00	11.22	68.52	1.26	100
Total	8.18	5.79	85.52	0.51	100

Source: Compiled and calculated from Leow (2001).

TABLE 7.9
Employment Status by Age: Brunei Darussalam, 2001

Age Group	Employment Status				
	Self-Employed	Employer	Employee	Unpaid Worker	Total
15–29	1.0	0.2	98.4	0.5	100.0
30–49	2.6	0.5	96.5	0.4	100.0
50–59	5.8	1.3	92.6	0.4	100.0
60+	18.2	3.2	77.8	0.8	100.0
Total	2.5	0.5	96.6	0.4	100.0

Source: Compiled and calculated from Department of Statistics (2003).

TABLE 7.10
Employment Status by Age: Indonesia and Its Selected Provinces, 2000

Age Group	Employment Status					
	Self-Employed	Employer	Employee	Unpaid Worker	Not Stated	Total
Indonesia						
15–29	28.77	0.86	42.6	27.63	0.14	100
30–49	47.03	1.46	34.69	16.71	0.11	100
50–59	55.52	1.51	24.85	18.01	0.11	100
60+	61.81	1.38	17.46	19.21	0.14	100
Total	43.51	1.26	34.42	20.69	0.12	100
Jakarta						
15–29	12.78	1.00	82.71	3.20	0.31	100.00
30–49	25.92	2.34	68.28	3.18	0.29	100.00
50–59	34.18	3.55	58.15	3.81	0.31	100.00
60+	43.90	3.86	45.46	6.28	0.49	100.00
Total	21.52	1.91	72.92	3.35	0.30	100.00
West Sumatra						
15–29	35.22	0.67	30.86	33.25	0.00	100.00
30–49	52.05	1.22	27.89	18.84	0.00	100.00
50–59	62.23	1.22	19.23	17.32	0.00	100.00
60+	69.57	1.13	11.19	18.11	0.00	100.00
Total	50.49	1.05	25.77	22.69	0.00	100.00
East Java						
15–29	27.66	0.77	48.53	22.85	0.20	100.00
30–49	49.37	1.41	38.70	10.38	0.14	100.00
50–59	53.78	1.31	27.56	17.23	0.13	100.00
60+	58.89	1.18	21.43	18.33	0.17	100.00
Total	45.16	1.19	37.71	15.78	0.16	100.00

Source: Compiled and calculated from Badan Pusat Statistik (2001*a*, 2001*b*, 2001*c*, and 2001*d*).

second largest percentage of older workers were "self employed", but there are differences among the three. Older workers in Singapore were mainly (68.52 per cent) employees, and only 19.00 per cent was self-employed. Likewise, this pattern was seen in Brunei Darussalam (Table 7.9). On the other hand, the percentage of Jakartan older workers working as employee (45.46 per cent) was just slightly higher than the self-employed (43.90 per cent).

The relatively less urbanized, but rich provinces of Phuket and Sing Buri were also economies with employee-based employment, though the percentages of the employees in this category were smaller than in Jakarta and Singapore. Unlike in Jakarta and Singapore, the majority (more than half) of the older workers in these two provinces were self-employed, rather than employees.

Employment in the whole kingdom of Thailand was also employee-based. However, the percentage of those working as employees was not very different from that for unpaid workers and the self-employed (Table 7.11). Most (61.22 per cent) of the older workers in the kingdom were self-employed, similar to older workers in Phuket and Sing Buri.

The second type of economy is the self-employed-workers based economy. This type of economy includes Indonesia as whole, and its provinces of West Sumatra and East Java. Among the older workers, a higher percentage (around 60.0 per cent) in these three economies were self-employed.

The Thai province of Chaiyaphum was unique in our study. It was the only economy where the majority of the workers — almost half — were unpaid workers. But the employment pattern among the older workers was different. Older persons were more likely to be self-employed, rather than unpaid workers. Almost two-thirds of the older workers were self-employed (Table 7.11). This situation may indicate a better financial position among older persons than younger ones, as 65.0 per cent of the older workers were self-employed and only 28.7 per cent were unpaid workers. In contrast to this, 37.3 per cent of those in the prime ages of 30–49 were self-employed and 43.0 per cent of them were unpaid workers.

The relatively low percentage of older persons who worked as employees can be related to the retirement age and the general difficulty of entering the formal labour market as people become old. Therefore, the lowest percentage was found among the older workers, regardless of the above types of economy. For example, 85.52 per cent of the employed resident population aged 15 and above in Singapore worked as employees. The percentage was highest in the youngest age group (96.32 per cent among those aged 15–29), and lowest was the oldest age group (68.52 per cent among those aged 60+). In contrast, only 18.21 per cent of the employed population aged 15 and above in the province of Chaiyaphum worked as employees. The percentage also declined with age in this province. It was 25.91 per cent for the employed population aged 15–29, and 5.87 per cent

TABLE 7.11
Employment Status by Age: Thailand and Its Selected Provinces, 2000

Age Group	Employment Status					
	Self-employed	Employer	Employee	Unpaid Worker	Unknown	Total
Thailand						
15–29	10.97	0.47	46.67	41.00	0.90	100.00
30–49	32.97	1.48	36.07	28.82	0.65	100.00
50–59	47.68	1.74	23.42	26.64	0.52	100.00
60+	61.22	1.89	12.02	24.32	0.56	100.00
Total	30.63	1.25	35.70	31.72	0.70	100.00
Phuket						
15–29	11.31	1.33	79.93	6.70	0.73	100.00
30–49	25.99	5.14	60.88	7.37	0.63	100.00
50–59	41.64	6.47	42.34	8.96	0.59	100.00
60+	56.44	7.25	26.73	9.23	0.35	100.00
Total	23.08	3.96	64.98	7.32	0.65	100.00
Chaiyaphum						
15–29	10.36	0.17	25.92	62.57	0.98	100.00
30–49	37.34	0.35	18.70	42.98	0.64	100.00
50–59	53.42	0.31	10.50	35.34	0.43	100.00
60+	64.79	0.24	5.87	28.72	0.37	100.00
Total	35.12	0.28	18.21	45.71	0.68	100.00
Sing Buri						
15–29	8.43	0.53	67.18	23.16	0.70	100.00
30–49	26.75	1.25	49.85	21.56	0.58	100.00
50–59	42.10	1.64	32.71	23.07	0.47	100.00
60+	55.83	1.57	19.43	22.81	0.37	100.00
Total	28.62	1.20	47.36	22.26	0.56	100.00

Source: Calculated and compiled from <http://web.nso.go.th/eng/en/pop2000/indiregion/wholetab2.htm>, and National Statistical Office (2001*a*, 2001*b*, 2001*c*).

for the population aged 60 and above. On the other hand, the percentage of other employment status rose with age in all economies.

In Phuket and East Java, the second largest percentage of older workers worked as employees (26.73 per cent in Phuket, and 21.43 per cent in East Java). In Indonesia as a whole, West Sumatra, Chaiyaphum, Sing Buri, the

second largest percentage of older workers worked as unpaid workers, with percentages ranging from 18.11 per cent in West Sumatra to 28.72 per cent in Chaiyaphum, where almost half (45.71 per cent) of the workers were unpaid workers.

In summary, what we have observed here on the employment status among several countries in Southeast Asia and their subnational areas is not unique. It is the same phenomenon observed in developed countries such as the United States, where older workers are more likely than younger workers to be self-employed, reflecting flexible work arrangements. On the other hand, they are less likely to work as employees compared with younger workers. An exception is in economies where it is not easy to find flexible work arrangement — in this case, older persons are more likely to work as employees.

Occupation

The occupation of older persons can also be used as a means to indicate the utilization of their skills in the labour market and their health. In addition, a person's occupation may hint at the person's earning capacity and social status and this is also true of older persons in society.

Because of the limited available data on occupation by age, the discussion here only refers to Brunei Darussalam, Malaysia and its four states, as well as Thailand and its three provinces. Furthermore, another limitation in assessing data on older workers' occupations lie in the different categorization of age groups. The data on older workers refer to those aged 60+ in Thailand, 60–64 in Malaysia, and 55+ in Brunei Darussalam. We, therefore, should keep this difference in mind when making a comparison among them.

As shown in Tables 7.12 to 7.14 and Figures 7.16 to 7.18, there were four different patterns of occupations among the employed population aged 15 and above in the three selected countries. The first pattern is where the majority of the workers worked as skilled agricultural or fishery workers. In Thailand, half of the workers had this occupation, which clearly dominated other occupations. This was an expected result because, as discussed previously, Thailand's economy is based on agriculture. The second largest occupation group was those in elementary occupations, accounting for only 12.0 per cent of total employment. At the subnational level, its two provinces of Chaiyaphum and Sing Buri had skilled

TABLE 7.12
Types of Occupation by Age Group: Thailand and Its Selected Provinces, 2000

Age Group	Types of Occupation											Total
	1	2	3	4	5	6	7	8	9	10	11	
Thailand												
15–29	1.4	3.8	3.1	4.0	10.0	44.2	8.3	8.0	13.4	1.4	2.3	100.0
30–49	4.5	5.8	2.3	2.6	10.6	47.8	5.9	5.1	12.2	0.9	2.2	100.0
50–59	6.0	3.5	1.2	1.4	8.9	60.0	3.4	2.6	10.1	0.8	2.1	100.0
60+	5.4	0.6	0.5	0.3	7.2	71.5	2.8	1.0	8.5	0.1	2.0	100.0
Total	3.9	4.5	2.3	2.7	9.9	50.1	6.1	5.3	12.0	1.0	2.2	100.0
Phuket												
15–29	2.7	4.5	5.3	12.2	31.4	4.9	13.8	5.7	18.8	0.2	0.4	100.0
30–49	9.5	7.7	4.9	7.4	26.4	8.0	10.3	8.3	17.1	0.1	0.4	100.0
50–59	13.1	8.5	3.3	3.9	22.8	21.2	7.3	7.2	12.2	0.0	0.5	100.0
60+	16.0	1.9	2.8	0.3	23.3	32.4	4.3	7.1	11.5	0.0	0.4	100.0
Total	7.6	6.5	4.8	8.6	27.8	8.8	11.1	7.2	17.1	0.1	0.4	100.0
Chaiyaphum												
15–29	1.4	4.2	2.4	3.4	10.2	27.8	10.1	6.2	32.7	0.2	1.3	100.0
30–49	5.5	7.3	2.1	1.7	11.3	29.6	10.0	4.7	27.0	0.1	0.7	100.0
50–59	9.0	4.4	1.7	1.0	10.9	39.3	8.1	3.1	22.4	0.1	0.2	100.0
60+	10.3	0.4	0.3	0.2	9.9	49.6	9.5	2.0	17.3	0.0	0.4	100.0
Total	5.1	5.7	2.0	2.0	10.9	31.5	9.7	4.8	27.5	0.1	0.8	100.0
Sing Buri												
15–29	1.8	6.0	5.4	6.5	14.1	16.0	17.5	14.9	17.3	0.3	0.1	100.0
30–49	5.7	9.1	2.5	2.6	13.2	27.7	13.8	6.5	18.1	0.8	0.1	100.0
50–59	9.6	5.7	1.6	1.4	11.3	44.2	9.6	3.0	13.3	0.5	0.1	100.0
60+	9.9	0.7	0.1	0.2	12.7	54.4	7.0	1.3	13.5	0.0	0.1	100.0
Total	6.0	7.1	2.7	2.9	13.0	30.9	13.1	7.1	16.6	0.6	0.1	100.0

Note: 1 = Legislators, Senior Officials and Managers, 2 = Professionals, 3 = Technicians and Associate Professionals, 4 = Clerical Workers, 5 = Service Workers, Shop and Market Sales Workers, 6 = Skilled Agricultural and Fishery Workers, 7 = Craft and Related Trade Workers, 8 = Plant and Machine Operators and Assemblers, 9 = Elementary Occupation Workers, 10 = Armed Forces, 11 = Unknown.

Source: Calculated and compiled from <http://web.nso.go.th/eng/en/pop2000/indiregion/wholetab2.htm>, and National Statistical Office (2001*a*, 2001*b*, 2001*c*).

TABLE 7.13
Type of Occupation by Age Group: Malaysia and Its Selected States, 2000

Age Group	Types of Occupation										Total
	1	2	3	4	5	6	7	8	9	10	
Malaysia											
15–29	3.4	5.2	11.5	12.6	13.0	9.0	9.2	20.2	11.8	4.0	100.0
30–49	8.3	6.4	12.8	8.5	12.4	13.1	9.0	13.7	12.9	3.0	100.0
50–59	9.9	3.4	7.9	4.0	12.6	28.3	7.8	9.6	13.6	2.9	100.0
60–64	9.1	1.7	3.4	1.5	12.2	44.3	6.1	6.4	12.3	3.0	100.0
15–64	6.7	5.5	11.6	9.4	12.6	13.8	8.9	15.5	12.6	3.4	100.0
Johor											
15–29	2.9	3.6	11.4	10.6	9.3	5.2	9.5	26.7	10.4	10.4	100.0
30–49	7.2	4.6	12.3	6.5	9.8	10.4	9.9	17.9	13.6	7.8	100.0
50–59	9.1	2.5	7.9	2.9	10.7	26.7	7.2	12.2	13.9	6.8	100.0
60–64	8.2	1.1	4.0	1.4	11.1	40.8	5.1	7.9	13.6	6.9	100.0
15–64	5.7	3.9	11.4	7.7	9.7	10.4	9.4	20.7	12.3	8.7	100.0
Penang											
15–29	3.8	5.3	13.2	13.3	9.5	1.2	8.1	27.3	8.1	10.3	100.0
30–49	9.3	6.1	13.8	9.6	11.5	2.2	9.8	17.8	11.9	8.1	100.0
50–59	11.7	4.2	9.2	6.1	13.4	6.4	10.5	12.0	18.7	7.9	100.0
60–64	12.4	2.1	5.1	3.3	16.0	12.0	9.8	9.9	21.3	8.2	100.0
15–64	7.5	5.5	13.0	10.6	11.0	2.4	9.2	20.8	11.2	9.0	100.0
Trengganu											
15–29	1.0	4.0	12.1	9.8	15.7	11.4	20.4	11.9	13.3	0.3	100.0
30–49	3.1	6.8	14.1	6.9	15.7	16.5	15.6	10.1	11.0	0.1	100.0
50–59	2.9	2.1	5.5	2.1	18.8	38.1	12.0	8.2	10.3	0.1	100.0
60–64	2.2	0.9	2.3	0.4	19.1	53.5	8.7	4.9	7.8	0.1	100.0
15–64	2.4	5.2	12.1	7.1	16.2	18.6	16.5	10.3	11.5	0.2	100.0
Kuala Lumpur											
15–29	4.0	10.8	14.2	22.3	20.0	0.0	8.5	6.2	13.7	0.3	100.0
30–49	11.1	10.0	13.7	13.5	17.3	0.1	9.0	8.7	16.2	0.2	100.0
50–59	16.7	6.7	10.8	7.2	17.4	0.1	9.9	11.2	19.9	0.3	100.0
60-64	19.7	5.5	6.7	3.9	19.6	0.2	10.0	11.0	22.9	0.4	100.0
15–64	9.0	9.9	13.5	16.2	18.4	0.1	8.9	8.0	15.7	0.3	100.0

Note: 1 = Legislators, Senior Officials and Managers, 2 = Professionals, 3 = Technicians and Associate Professionals, 4= Clerical Workers, 5 = Service Workers, Sales and Market Sales Workers, 6 = Skilled Agricultural and Fishery Workers, 7 = Craft and Related Trade Workers, 8 = Plant and Machine Operators and Assemblers, 9 = Elementary Occupation Workers, 10 = Unknown.

Source: Compiled and calculated from Department of Statistics (2003).

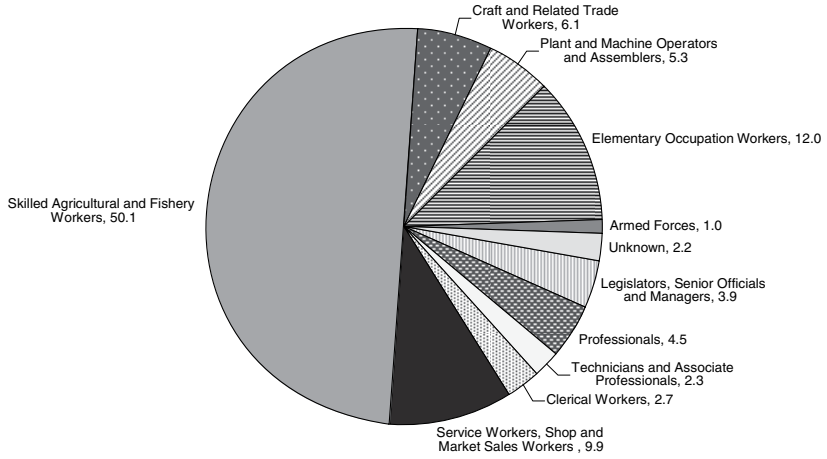
TABLE 7.14
Type of Occupation by Age Group: Brunei Darussalam, 2001

Age Group	Types of Occupation										Total
	1	2	3	4	5	6	7	8	9	10	
15–29	1.0	4.1	10.1	10.6	26.1	0.7	16.0	3.6	27.7	0.1	100.0
30–49	3.9	8.5	13.7	12.0	15.4	0.9	13.8	5.5	26.1	0.2	100.0
50–54	7.6	14.4	20.8	7.8	12.5	0.9	10.6	5.4	19.6	0.4	100.0
55+	16.4	10.1	9.0	3.4	8.9	1.5	12.1	8.6	28.6	1.3	100.0
Total	3.5	7.3	12.7	11.0	18.8	0.9	14.3	4.9	26.4	0.2	100.0

Note: 1 = Legislators, Administrators and Managers, 2 = Professionals, 3 = Technicians and Associate Professionals, 4 = Clerical Workers, 5 = Service Workers, Shop and Market Sales Workers, 6 = Agricultural and Fishery Workers, 7 = Production Craftsmen and Related Workers, 8 = Plant and Machine Operators, 9 = Cleaners, Labourers and Related Workers, 10 = Unclassified Workers.

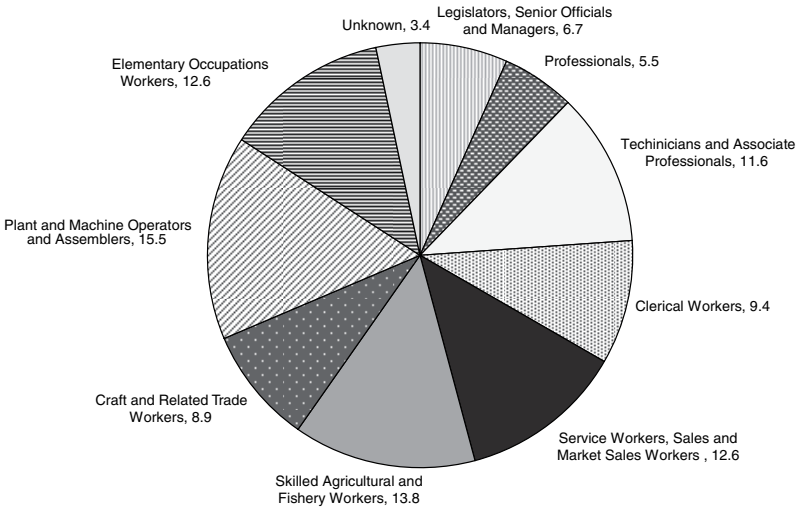
Source: Compiled and calculated from Department of Statistics (2003).

FIGURE 7.16
Types of Occupation: Thailand, 2000


Craft and Related Trade Workers, 6.1
Plant and Machine Operators and Assemblers, 5.3
Elementary Occupation Workers, 12.0
Armed Forces, 1.0
Unknown, 2.2
Legislators, Senior Officials and Managers, 3.9
Professionals, 4.5
Technicians and Associate Professionals, 2.3
Clerical Workers, 2.7
Service Workers, Shop and Market Sales Workers , 9.9
Skilled Agricultural and Fishery Workers, 50.1

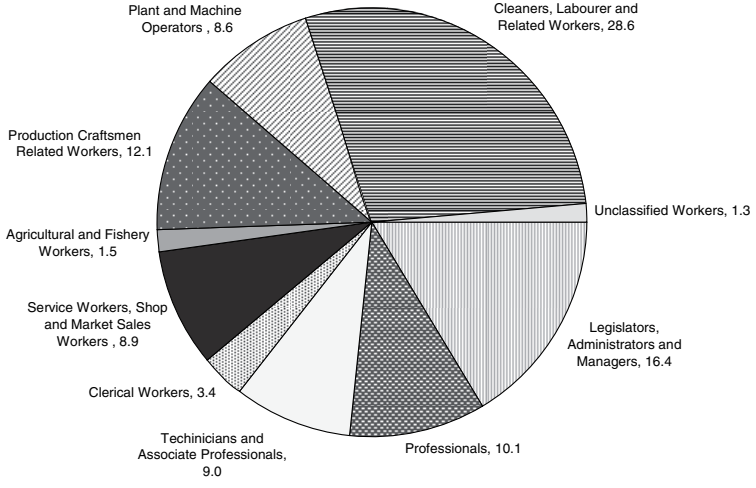
Source: Drawn from Table 7.12.

FIGURE 7.17
Types of Occupation: Malaysia, 2000


Legislators, Senior Officials and Managers, 6.7
Professionals, 5.5
Techinicians and Associate Professionals, 11.6
Clerical Workers, 9.4
Service Workers, Sales and Market Sales Workers , 12.6
Skilled Agricultural and Fishery Workers, 13.8
Craft and Related Trade Workers, 8.9
Plant and Machine Operators and Assemblers, 15.5
Elementary Occupations Workers, 12.6
Unknown, 3.4

Source: Drawn from Table 7.13.

FIGURE 7.18
Types of Occupation: Brunei Darussalam, 2001


Cleaners, Labourer and Related Workers, 28.6
Unclassified Workers, 1.3
Legislators, Administrators and Managers, 16.4
Professionals, 10.1
Techinicians and Associate Professionals, 9.0
Clerical Workers, 3.4
Service Workers, Shop and Market Sales Workers , 8.9
Agricultural and Fishery Workers, 1.5
Production Craftsmen Related Workers, 12.1
Plant and Machine Operators , 8.6

Source: Drawn from Table 7.14.

agricultural or fishery workers as the largest contributors to total employment, although they only contributed to about 30.0 per cent. The second largest occupation group was also those in elementary occupations.

Furthermore, those working as skilled agricultural or fishery workers also formed the largest occupation group in the Malaysian state of Trengganu. However, the distribution of occupations was more equal in this state. Skilled agricultural or fishery workers accounted for only 18.6 per cent of the total employed, followed by craft or related trade workers (16.5 per cent), and service workers, sales or market sales workers (16.2 per cent).

Despite some differences, the majority of the older workers in all these economies worked as skilled agricultural or fishery workers. About half of the older workers in Chaiyaphum, Sing Buri, and Trengganu worked as skilled agricultural or fishery workers. A much higher percentage (70.5 per cent) of the older workers in Thailand as a whole was in this occupation. In other words, working as skilled agricultural or fishery workers was clearly a dominat trend among older workers in these economies.

The second pattern is where the majority of the workers worked as plant or machine operators and assemblers, with a more equal distribution among all occupations. As seen in Table 7.13, 15.5 per cent of the workers in Malaysia worked in this occupation, and 13.8 per cent worked as skilled agricultural or fishery workers. In Penang, a higher percentage (about one fifth) worked as plant or machine operators and assemblers. Technicians or associate professionals (13.0 per cent) were the second largest occupation group. Like in Penang, a similar pattern is seen in Johor.

In Malaysia as a whole and in Johor, the majority of the older workers worked as skilled agricultural or fishery workers, comprising more than 40.0 per cent of the employed among older workers. On the other hand, there was a more equal distribution of occupations among the older workers in Penang. The largest occupation group was those in elementary occupations (21.3 per cent), followed by service workers, sales or market sales workers (16.0 per cent), legislators, senior officials or managers (12.4 per cent), and skilled agricultural or fishery workers (12.0 per cent).

In the third pattern, the majority worked as service workers, shop or market sales workers. However, as in the second pattern, they were not dominating other occupations. They only accounted for 18.4 per cent of the total employed in Kuala Lumpur and 27.8 per cent in Phuket. The second largest occupation group in Kuala Lumpur was clerical workers

(16.2 per cent), followed by those in elementary occupation (15.7 per cent). The majority of the older workers worked in elementary occupations (22.9 per cent). In Phuket, elementary occupation was the second largest occupation (17.1 per cent), followed by occupations in craft and related trade (11.1 per cent). However, the majority of the older workers worked as skilled agricultural or fishery workers (32.4 per cent).

Brunei Darussalam shows the fourth pattern, where the majority worked in elementary occupations. About a quarter of the employed population in Brunei Darussalam worked in elementary occupations, followed by service workers, shop or market sales workers (18.8 per cent), and craftmen or related trade workers (14.3 per cent). Similar to the overall pattern of occupation, the majority of the older workers also worked in elementary occupation (28.6 per cent). However, the second largest occupation group among the older workers were legislators, administrators, or managers (16.4 per cent).

Despite the variations, there were some common phenomena. First, the percentage of workers who worked as skilled agricultural or fishery workers rose with age, regardless of the economies. Second the percentage of those working as legislators, senior officials, or managers tended to rise with age, except in Thailand as a whole, Malaysia as a whole, Johor, and Trengganu, where the percentage declined for the oldest or two oldest age groups.

Though the percentage among older persons was not very high, the number of those working as legislators, senior officials, and managers among older persons was substantial. The highest percentage was seen in Kuala Lumpur — almost 20.0 per cent of the older workers was in this group of occupations. Trengganu had the smallest percentage of older workers in these occupations. Only a very small 2.2 per cent of the older workers worked as legislators, senior officials, or managers.

Third, older persons were most likely to work either as skilled agricultural and fishery workers, or in elementary occupations. This partly reflects the labour market in general, and the skills of the older persons. Both occupational groups of skilled agricultural and fishery workers, and those in elementary occupations have relatively low-status jobs, which do not require difficult skills. The choice of elementary occupations may also simply reflect the condition that skilled agricultural and fishery work is not easily available in the more advanced and urbanized economies.

Concluding Remarks

In countries with limited social welfare, including old-age income security, employment of older persons is often seen as the most important means for them to finance the older persons themselves. This can be true particularly when there has also been an erosion of "respect" towards older persons and/or their children are poor. In this kind of situation, being retired or not working for money at all may be seen as a "luxury" by many older persons. Furthermore, the issue is not simply whether older persons are employed, but how much money they are able to earn so they can live out of poverty. Therefore, there are several ways to optimize the contribution from the employment of older persons. First, enhance the health and skills of the older persons. Second, increase the availability of jobs suited to the potential and physical conditions of the older persons. Third, create employment opportunities with sufficient monetary reward for older persons. Fourth, raise the official "retirement" age continuously and eliminate age discrimination.

In summary, our findings in some Southeast Asian national and subnational economies are similar to those found in industrialized countries — that older persons are more likely to work with more flexible arrangements. Therefore, older persons in Southeast Asia are more likely to be self-employed or work as unpaid workers, "skilled agricultural and fishery workers", and in agricultural or service sectors. The tendency to work in these jobs may reflect the availability of employment opportunities in the labour market as well as the skill of the older persons. Our conclusion does not seem to be specific to any type of age structure of the population as measured by the percentage of older persons. It is not clear whether this pattern of employment of older persons will remain in the future. Technological advances and social innovations, coupled with the better health and education of future older persons, may produce different employment patterns for future older persons. In particular, future employment opportunities may require less rigorous physical effort and these jobs will better suit the health condition of future older persons.

It should be cautioned that we do not make any generalizations yet from this study. Because of the limited available data sets, we conduct the study on only four states in Malaysia, three provinces in Thailand, three provinces in Indonesia, and in the states of Singapore and Brunei Darussalam. Further studies should include more states, provinces, and

countries in Southeast Asia. They should also examine the possible different influences of fertility, mortality, and migration rates on the employment pattern of older persons. Moreover, each country in ASEAN may be requested to publish the statistics for older persons (60 years and above) by age groups, at least by five-year age groups. The oldest group may depend on the availability of the data in each country. For example, some countries may use the 75+ as the last group, while others use 80+.

Acknowledgement

The authors gratefully acknowledge comments on an earlier draft of this chapter from Santo Koesoebjono.

Notes

1. There have been various efforts made to classify a population for the purpose of examining the extent of population ageing. For example, Grozdanovski (2005) made a classification for the Republic of Macedonia in his effort to examine fiscal sustainability in the country. He described a population as in a child phase when its population aged 60 and above was less than 8.0 per cent of its total population, young adult phase, when this group accounted for between 8.0 and 10.0 per cent, ageing phase when it comprise between 10.0 to 12.0 per cent, and maturity phase, when it is above 12.0 per cent. PAI (2007) classified the age structure of a population into five categories: very young, youthful, transitional, mature and aged populations. However, it did not mention a clear demarcation to differentiate one category from another. An exception is when he classified a very young population as one with a population aged 60 and above accounting for less than 6.0 per cent. Cowgill and Holmes (1970) proposed four categories: young population for a population aged 60 and above accounting for less than 6.0 per cent, youthful 6.0 to 10.0 per cent, mature, 11.0 to 14.0 per cent, and aged 15.0 per cent and above.
2. Though there is a consensus that the fertility rate has been declining, statistics on TFR (total fertility rate) is confusing. The official statistics, as cited by the Prime Minister's Office, Brunei Darussalam (2005), indicated that the TFR declined from 3.12 in 1991 to 2.15 in 2001, indicating that Brunei Darussalam entered the below replacement rate of fertility at the beginning of the 2000s. On the other hand, a publication from UNICEF (2002) estimated that the TFR was still as high as 2.6 in 2001. The rate then declined to 2.4 in 2006, as estimated by UNICEF (2007).
3. Calculated from Department of Statistics, *Report on the 2001 Population Census*

(2005). Unfortunately, the age grouping is not reported in five-year intervals. It is, therefore, not possible to get the number of older persons aged 60 and above for temporary residents and residents. Temporary residents in 2001 numbered 88,429 persons, while residents, including citizens and permanent residents numbered 244,415 persons. The number of those born abroad was 96,296. The number of people aged 65 and above was 9,317, comprising 8,999 residents and 318 temporary residents.

4. The resident population includes citizens and permanent residents of Singapore. If we use the definition of older persons as those aged 65 and above, older persons formed 8.53 per cent of the total resident population in 2007. If we include the non-resident population, assumed to be under 65 years old, older persons accounted for 6.66 per cent. The statistics are compiled and calculated from Department of Statistics, Singapore, 2008, accessed on 25 June 2008 from <www.singstat.vo.sg/pubn/popn/respop.pdf> and <www.singstat.gov.sg/pubn/popn/c2000sr1/cop2000sr1.pdf>.
5. Measured using population aged 65 and above, older persons composed 7.28 per cent of the resident population. Furthermore, older persons formed 5.91 per cent of the total population (resident and non resident population). Calculated from <www.singstat.gov.sg/pubn/popn/c2000adr/cop2000adr.pdf>, accessed 25 June 2008.
6. Cited from Saw (2007), Tables 4.1 and 4.2.
7. The number of non-citizens was 150,530 persons (Department of Statistics Malaysia, 2001).
8. The statistics include the non-citizens, which formed 5.5 per cent of the total population. Excluding non-citizens, older persons made up 6.5 per cent. Compiled and calculated from Department of Statistics Malaysia (2001), Table 2.2.
9. The statistics refer to the total population, including non-citizens. Non-citizens formed only 1.76 per cent of the total population. Excluding non-citizens, older persons formed 6.17 per cent. Compiled and calculated from Department of Statistics Malaysia (2001*a*), Table 2.14.
10. The statistics on poverty incidence is cited from UNDP (2007). Pathum Thani, Phuket, Samut Prakan, Phang-nga, and Nonthaburi are the five best provinces in terms of poverty incidence. Also, the monthly household income in Phuket is again one of the five best, at 26,017 baht. The figures for the other four provinces are Samut Prakan (19,594 baht), Pathum Thani (22,653 baht), Nonthaburi (28,907 baht), and Bangkok (29,425 baht). The statistics for per capita GDP are calculated from the same source, by assuming US$1 = 40 baht in 2004.
11. Cited from the National Statistical Office "Development of Social Indicators at Provincial Level in Thailand", presented at the Concluding Workshop RETA

6007: Enhancing Social and Gender Statistics, 24–27 June 2003, Bangkok, Thailand.

12. The statistics are cited from *The 2000 Population and Housing Census*. Changwat Phuket.
13. Only 3.12 per cent of the population migrated out in the five years prior to the census. This statistics is calculated from Table 26 of the 2000 Population and Housing Census, and the National Statistical Office (2001*b*) <http://service.nso.go.th/nso/nso_center/project/search_center/23project-en.htm> and <http://service.nso.go.th/nso/nso_center/project/search_center/23project-en.htm> (accessed 6 August 2008).
14. This refers to the total population, including non-citizens. Because the percentage of non-citizens was small (3.68 per cent), the percentage of older persons in the total population does not differ much from that among citizens (7.96 per cent). Compiled and calculated from Department of Statistics Malaysia (2001), Table 2.10.
15. The statistics on migrations are cited from Saw (2007).
16. Calculated from Badan Pusat Statistik (2001*a*).
17. The statistics on lifetime and recent migration are calculated from Badan Pusat Statistik (2001*a*).
18. The statistics on poverty incidence is cited from UNDP (2007). The statistics on per capita GDP are calculated from the same source, by assuming US$1 = 40 baht in 2004.
19. The statistics on recent out-migration are calculated from Table 26 of the 2000 Population and Housing Census, and National Statistical Office (2001*a*) <http://service.nso.go.th/nso/nso_center/project/search_center/23project-en.htm> and <http://service.nso.go.th/nso/nso_center/project/search_center/23project-en.htm> (accessed 6 August 2008).
20. The statistics on recent out-migration are calculated from Table 26 of the 2000 Population and Housing Census, and National Statistical Office (2001*c*) <http://service.nso.go.th/nso/nso_center/project/search_center/23project-en.htm> and <http://service.nso.go.th/nso/nso_center/project/search_center/23project-en.htm> (accessed 6 August 2008).
21. The statistics on poverty incidence are cited from UNDP (2007). The statistics on per capita GDP are calculated from the same source, by assuming US$1 = 40 baht in 2004.
22. It should be noted that the statistics on employment for Singapore refer to residents only: permanent residents and citizens of Singapore.
23. The agricultural sector consists of agriculture, hunting, forestry and fishing, while the industrial sector consists of manufacturing, mining and quarrying, electricity, gas and water supply, as well as construction. The service sector consists of wholesale & retail trade, repair of motor vehicles, motorcycles,

personal and household goods, hotel and restaurants, transport, storage and communication, financial intermediation, real estate, renting and business activities, public administration and defence, compulsory social security, education, health and social work, private households with employed persons, other communities, social and personal service activities.

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8

WORK, INCOME AND EXPENDITURE
Elderly and Near-elderly Women in Metro Cebu, Philippines

Socorro A. Gultiano and Sonny S. Agustin

Unlike most countries in East Asia and some of its Southeast Asian neighbours, the Philippines has not been confronted yet with the immediate problems of a rapidly ageing population. Because fertility decline has been slow and the demographic transition has been a protracted experience, the Philippines remains embroiled in problems concomitant with a young and fast-growing population. The annual growth rate of the Philippines's population was at 2.36 per cent during 1995–2000 (according to 2000 Population Census report) and 2.04 per cent during 2000–2007 (according to 2007 Population Census report). The National Statistical Coordination Board/NSCB (2008) and the 2003 National Demographic and Health Survey (NDHS) reported TFR (Total Fertility Rate) at 3.5 births, only a slight decline from 3.7 births in 1998, and 4.1 births in 1993 (NSO and ORC Macro 2004). Xenos (2004) has estimated that the Philippines will take some sixty-six years to complete its demographic transition, possibly among the slowest transitions in Asia. These trends may be attributed in part to the country's population programme which has been sporadic and

inconsistent because of a long-standing opposition of the Catholic Church hierarchy to the promulgation and implementation of a clear, unequivocal population policy (Herrin 2003). The current policy advocates "responsible parenthood", promoting the practice of scientific, natural family planning (POPCOM 2007).

Nonetheless, since fertility has gradually declined, and mortality conditions have improved in the last decades, the country's age-structural transition is clearly underway**.** Life expectancy at birth has been estimated to rise from the 1960 levels of 51.0 years for men and 54.5 years for women, to 62.2 and 67.4 years, respectively, in 1990 (Flieger, Abenoja, and Lim 1981; Flieger and Cabigon 1994). The National Statistics Office computed life expectancy to increase further to 70.0 years for males and 75.5 years for females by 2020–25 (NSO 2004).

At present, the country is still experiencing a youth bulge, with relatively large proportions of its population in their adolescent to early adult years. In due time these young people will grow old. In absolute numbers, there are about twenty-one million Filipinos aged 15–29 in 2000, who, in two decades, will be in their mid-adult years and moving onward to older ages. It will serve the country well if, as early as now, policymakers and academics are mindful of this impending demographic scenario even as they continue to grapple with problems related to rapid population growth. It is, therefore, the aim of this chapter to raise awareness of, and contribute to, knowledge about the conditions of older Filipinos and of those yet to become the elderly.

It is important to study older persons in the context of their own country's experience of the age-structural transition. In the case of the Philippines, it is relevant to emphasize the tempo of this transition and its ramifications. A slow tempo such as that of the Philippines is beneficial in some respects because it buys the country time to prepare for the final stage of population ageing. In theory, slow demographic and age-structural transitions are advantageous because they do not bring about pronounced disturbances or abrupt shifts in age distributions. Population ageing is gradual and proceeds in a smooth, unperturbed manner (Pool 2004). Such is the experience of the Philippines, which is true also for other slow transitioning countries such as India, Malaysia, Myanmar, and Brunei (Gultiano and Xenos 2006).

On the other hand, a slow transition obviously has its disadvantages, among which is that it can compromise the attainment of the so-called demographic bonus. It is said that prior to the final stage of population

ageing, the age-structural transition brings with it a demographic window of opportunity for rapid economic growth at the macro and micro levels, provided that fertility decline has been steep and growth-enhancing policies are already in place (Bloom, Canning and Sevilla 2003). This demographic window of opportunity is supposed to be experienced at the time when dependency ratios are at their lowest and the proportion of the working-age population is at its highest. The mid-adult ages are purportedly the most productive years in the life cycle, and the preponderance of people at these ages can fuel economic growth for the country, enhance household income and savings, and help ensure the security and welfare of the working population well into their old age. In the Philippines, however, it is questionable that such a demographic window of opportunity will be realized (Orbeta 2002; Pernia 2003). Fertility decline has been sluggish and appropriate policies are not in place (see, for example, Mapa and Balisacan 2004; Pernia and Salas 2005). Indeed, if we use a total dependency ratio of 50.00 as the threshold of the demographic window of opportunity, the Philippines in 2000 was still far from opening the window of opportunity, with a total dependency ratio as high as 69.04. It will only pass the threshold in 2040, when its total dependency ratio will be 49.55.[1] Thus, child dependency ratios remain high, investments in human capital are inadequate, and the productivity of the working-age population is severely constrained.[2]

The percentage of the population aged 65 and above to the total population was still as low as 3.8 per cent in 2000. It will increase, but will reach almost 10.0 per cent only in 2040. Yet, in absolute terms, the number of older persons will increase rapidly, from 2.9 million in 2000 to 7.9 million in 2025, and almost 14.0 million in 2040.[3] Given this scenario, what then are the implications of these trends for the economic well-being of older persons in the Philippines today and in the future? Will households and society have the resources to provide for the needs of a growing number of older persons? It is in this context that this chapter endeavours to examine the social and economic circumstances of the Filipino elderly and near-elderly. Analysis is undertaken from a life course perspective with a focus on women and cognizant of the fact that Filipino older persons are predominantly women and that Filipino women are typically disadvantaged insofar as economic security is concerned. They are more likely to experience unemployment, underemployment, or intermittent employment because of childbearing (Gultiano 1999), and they usually

end up in low-paying jobs and become widowed in old age (Cruz 1999). This chapter chooses to do an empirical investigation of the circumstances of childbearing women over the last two decades (1983–2005) in a rapidly developing sector of the Philippine society.

Specifically, this chapter has the following objectives. First, it presents a profile of Filipino elderly women with respect to their individual and household characteristics. Second, it examines work and earning patterns of these women over the last two decades. Third, it describes their household income and expenditure patterns in the recent past. And fourth, it identifies factors correlated with their current economic status.

The succeeding sections of this chapter start out with a more detailed description of changes in the age distribution of the Philippine population from 2000 to 2040, followed by a description of the data and methods used in the analysis, and then the results and a discussion.

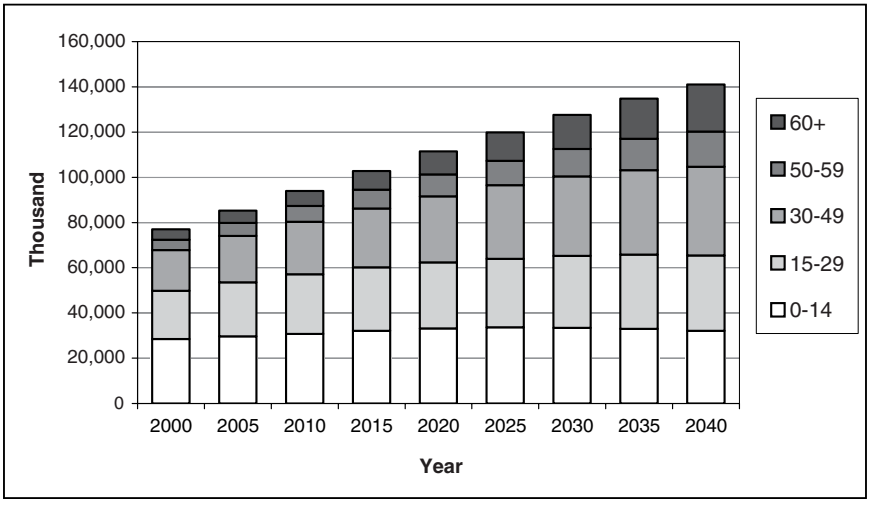
The Philippine Population: 2000–40

According to the medium series projections made by the National Statistics Office (NSO 2004) based on 2000 census data, the Philippines will remain a predominantly young population (if young is defined as below 29 years of age) at least until 2010–20. Nevertheless the signs of population ageing are evident. Although the proportion of people 60 years old and above is not expected to reach 10.0 per cent before 2020, when combined with the 50–59 age group, these near-elderly and older Filipinos will constitute close to 18.0 per cent of the population by that time. By 2020 it is estimated that there will be about 20.0 million Filipinos aged 50 and above, which will increase further to an estimated 36.5 million twenty years thereafter (Figure 8.1). As far as the sex composition of older Filipinos is concerned, the 2000 census reports the sex ratio among the elderly to be 84.8 and those of the near-elderly as 99.8. The NSO population projections by sex, however, do not depict a clear pattern of the sex ratio over time, but they do estimate that by 2040, the female elderly will outnumber their male counterparts by approximately 1.8 million (NSO 2004).

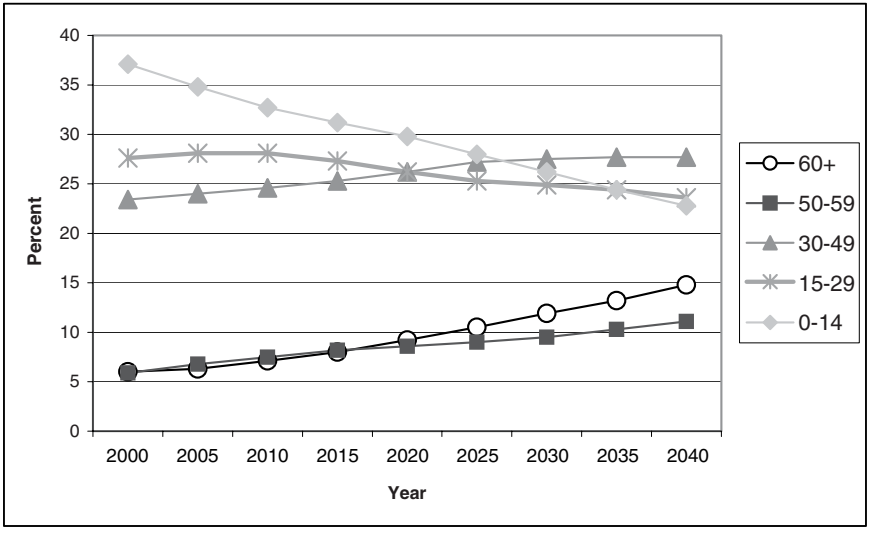
What is also apparent from the NSO projections is that the working age population will continuously increase in the first half of this century. While the share of the youth population (ages 15–29) will decrease, its number will continue to rise.[4] The number of those in the prime working ages of 30–49 will continuously expand to become the largest age group,

FIGURE 8.1
Size of Population by Major Age Groups: Philippines 2000–40
(NSO medium series)

A. In numbers



B. In Percent



Source: NSO (2004).

proportionally and numerically, by 2020. Given that those aged 50–59 could remain economically productive into their early sixties, then the Philippines is guaranteed a burgeoning labour force until 2040. From an optimistic point of view, such a growing labour force bodes well for the country and for the potential for economic support of the growing older population. The downside to this trend, based on current experience, however, is that the country remains ill-equipped to provide adequate employment for this growing number of people in the productive ages.[5] Proof of this is the escalating number of people seeking and getting jobs overseas.[6] Because overseas employment generates income in the form of remittances, it is unclear whether, and to what extent, support for the elderly can be assured in years to come and whether financial support can sufficiently compensate for the absence of family members who are potential caregivers of the elderly, but are now working abroad (Ogena 2007).

Data and Methods

This study uses data from the Cebu Longitudinal Health and Nutrition Survey (CLHNS) that followed up a cohort of 3,327 women who had given birth between May 1983 and April 1984. These women resided in seventeen urban and sixteen rural (or peri-urban) *barangays* in Metropolitan Cebu, the second largest metropolitan area in the country next to Metro Manila.[7] At baseline (1983–84), these sample women were 14–47 years old with a median age of 25.[8] They were re-interviewed eighteen times thereafter, most recently in 2005. By 2005, 2,018 women (or approximately 61.0 per cent of the original sample) were re-interviewed. Attrition was largely the result of out-migration from Metro Cebu (82.0 per cent), and less due to mortality (10.0 per cent) or refusal/unavailability (8.0 per cent) of the respondents. Of those who had out-migrated, 6.0 per cent were reported to have left for foreign lands.

The present analysis focuses on the 2,018 women interviewed in 2005. Of these women, 107 were aged 60–69, 667 were of ages 50–59, while the remaining 1,244 women were 35–49 years old (henceforth referred to as the elderly, near-elderly and middle-aged women, respectively).[9] Although this study is about the elderly and the near-elderly, it includes comparisons with the middle-aged so as not to preclude useful insights that can be gained from such a comparison, especially from a life course viewpoint.

Given the nature of the CLHNS data, this study applies a longitudinal perspective to describe the demographic and socio-economic conditions of older Filipino women compared with their younger counterparts. This longitudinal perspective, however, is limited to multiple cross-sectional analyses of aggregated data of the women interviewed in 2005 and their retrospective information from the baseline, 1985, 1991, 1994, 1998, 2002, and 2005 surveys. Since not all of the 2,018 women in 2005 have complete interviews in all seven surveys, it is difficult to apply individual-level longitudinal analysis because too much missing data would result in a significant reduction of the sample size and in selectivity bias.[10] Where deemed useful and feasible (for example, in describing patterns), an individual level approach is applied, but limited to data from a few selected surveys. Also, as mentioned, the study uses a cohort comparison approach. Comparison of the three age cohorts (35–49, 50–59, and 60–69) helps augment the life course perspective of this study.

To examine selectivity due to sample attrition of the CLHNS women between baseline and 2005, a likelihood test of women's participation in the 2005 survey, based on selected baseline characteristics, was applied. Logistic regression revealed that the women who remained in 2005 were not significantly different from those who dropped out of the sample, with respect to age and their work status, household income, and assets at baseline. They were, however, women, who at baseline, were less likely to reside in urban *barangays*, complete their secondary education, and had higher fertility than the women who had dropped out of the sample (Table 8.1).

A brief characterization of the CLHNS women in 2005, according to the age cohorts defined above, is shown in Table 8.2. The expected socio-demographic differentials by age are borne out by the data: older women have lower educational attainment than their younger counterparts; they are more likely to become widows and stay as widows; they have had more pregnancies, fewer household assets, and are less likely to be urban residents compared with women in the younger cohorts.

The following sections address the specific objectives of the chapter. They provide discussion on the economic security and well-being of older women in Metro Cebu in comparison to younger women, through examining their work status, earnings, non-monetary resources, household income and other income sources, and household expenditure. In addition, assessments on factors related to household expenditure and income were also carried out among the three groups: middle-aged, near-elderly, and elderly.

TABLE 8.1
Odds of Sample Women Remaining in the 2005 Survey

Indicators (at baseline) (1983–84)	Followed up in 2005 (N=2,018)		
	Odds Ratio	Coefficient	P value
Age	0.99	–0.0117	0.208
Household assets score*	1.02	0.0214	0.358
Household income (ln)	0.98	–0.0169	0.717
Parity	1.07	0.0650	0.013
Working	1.02	0.0247	0.759
Completed elementary school	0.92	–0.0861	0.363
Completed high school or higher	0.71	–0.3416	0.005
Urban residence	0.60	–0.5061	0.000

Note: * An index representing the following items: electricity in household, ownership of house, strong housing material, ownership of TV, electric fan, tape recorder, refrigerator, air conditioner, jeepney, car.
Source: Authors' calculation.

TABLE 8.2
Selected Characteristics of the Sample Women in 2005 by Age

Characteristics	Age 35–49 (N=1,244)	Age 50–59 (N=667)	Age 60–69 (N=107)
Education (%)*			
Some elementary	27.2	36.1	64.5
Completed elementary, some high school	51.0	40.5	27.1
Completed high school or higher	21.8	23.4	8.4
Marital status (%)*			
Never married	0.6	0.1	—
Legally married	80.9	78.0	61.7
Not legally married	8.8	5.4	—
Widowed	5.4	12.3	31.8
Separated	4.3	4.2	6.5
Total number of pregnancies (mean)*	6.0	7.0	9.1
Household assets score (mean)*†	5.2	5.3	4.6
Urban residence (%)*	71.8	67.3	57.9

Note: * Differences by age categories significant at $p<0.05$.
† An index representing the following items: electricity in household, ownership of house, strong housing material, ownership of TV, electric fan, tape recorder, refrigerator, air conditioner, jeepney, car.
Source: Authors' calculation.

Work and Earnings

Providing for the economic security and well-being of older people is among the primary goals that a society endeavours to achieve. For individuals and households to be able to achieve this goal on their own with minimal intervention from the government would be ideal, especially in a country where resources are already stretched to the limit. Older individuals and their households should aspire for self-sufficiency in elderly care. However, this goal requires preparation in terms of income adequacy long before old age actually sets in. This section will explore work behaviour and earnings of the middle-aged, near-elderly, and elderly women in the CLHNS sample in view of their significance to the economic well-being of the elderly in 2005, and the elderly to come.

In examining the work behaviour of the CLHNS women using a longitudinal perspective, it is necessary to keep in mind that the women in this study, who were middle-aged or older in 2005, were pregnant at the time of the baseline survey and were thus concentrated in the prime reproductive ages. As the data in Table 8.3 show, the average age at baseline of the middle-aged women was 22.9 years, while it was 31.7 years for the near-elderly and 40.4 years for the elderly. During the 2002–05 surveys, the middle-aged women were roughly about the same age as the elderly women back at the time of the 1983–85 surveys. Keeping this in mind may help provide insights into the differences between age and cohort influences in subsequent analyses. It is also important to note that in 2005, 61.6 per cent of the sample women were still middle-aged, while 33.1 per cent were near-elderly, and only 5.3 per cent elderly.

An immediate impression that one gets from the work participation rates of the sample women (Table 8.3) is that they are exceptionally high by Philippine standards.[11] The CLHNS surveys applied several approaches to measuring the economic participation of women. Not only was there a direct question on whether the woman was doing any work for pay in cash or in kind (current or in the past four months), there were probing questions regarding unpaid farm or family work, work on per time, per piece, or per commission basis, as well as home gardening and livestock raising. It is not inconceivable, therefore, that most women in the study had indeed engaged in some informal income-generating activities for their household over their life courses that usually do not get measured in conventional labour force surveys.

TABLE 8.3
Work-related Characteristics of Women by Age

Characteristics		Age 35–49	Age 50–59	Age 60–69
Age (mean)				
1983		22.9	31.7	40.4
1985		25.1	33.9	42.4
1991		31.6	40.5	49.3
1994		34.5	43.4	52.5
1998		38.5	47.5	56.5
2002		41.7	50.7	59.7
2005		44.4	53.4	62.5
Working (%)				
1983	*	60.8	70.9	84.0
1985	*	67.4	75.8	89.9
1991	*	76.7	78.3	90.6
1994		79.2	76.0	85.0
1998		82.9	79.5	83.3
2002		77.8	76.9	76.4
2005		76.7	75.1	69.2
Weekly income (median)†				
1983		43.7	42.7	42.6
1985		51.4	44.2	38.1
1991		86.3	69.2	64.6
1994	*	124.4	111.7	72.7
1998	*	120.6	105.7	80.2
2002	*	112.0	91.3	79.6
2005		114.3	100.2	91.9
Income as % of total household income†				
1983		34.4	33.9	35.6
1985		44.8	38.2	35.7
1991		35.6	33.6	31.3
1994	*	38.4	34.6	31.2
1998	*	34.3	29.3	27.7
2002	*	31.6	27.4	26.6
2005		36.5	32.5	38.0
Number of women (N)				
1983		1,223	657	106
1985		1,149	625	99
1991		1,213	658	106
1994		1,224	663	107
1998		1,127	604	96
2002		1,231	662	106
2005		1,244	667	107

Note: * Differences by age categories significant at $p<0.05$.
† In Philippine peso; woman's income deflated to 1983 value.
Source: Authors' calculation.

From a life course perspective, it may be expected that work participation rates of the middle-aged women would have consistently increased from baseline to 2005, as their children grew older, whereas those of the elderly would have risen or peaked and eventually declined. Such a trend is almost evident in the data if not for the apparent decline in work participation rates across the three age cohorts after 1998 for which no immediate explanation can be found. It is obvious, however, that the youngest cohort had increased work participation after their 1983 pregnancy, while the oldest cohort showed remarkably high participation rates until around age 50 (circa 1991), after which participation eventually declined. The near-elderly had not even attained the same levels of participation as the elderly when they were of comparable ages. These observations, however, need to be taken with caution, considering the very skewed age distribution of the sample, the paucity of cases among the elderly, and the fact that these elderly were still relatively young (average of 62.5 years) at the time of the 2005 survey.

While work participation over a life course is high among the elderly women, their jobs apparently do not pay as well as those of the younger cohorts, particularly in more recent times (1991–2002). Even the near-elderly women appear to be disadvantaged in this regard compared with their middle-aged counterparts. It is likely that the generally lower educational attainment of older women diminished their earning capacity as well. The foregoing notwithstanding, income data in Table 8.3 clearly indicate that income significantly increased across all cohorts between baseline and 2005, with the largest increase experienced by the youngest cohort, which earlier demonstrated the largest increase in labour force participation. But even for the oldest cohort, who had experienced declining labour force participation, individual income among those who worked had, on average, more than doubled during the same period.

If the earnings of the sample women are examined as a proportion of total household income, the data show that, on average, working women contributed roughly over a quarter to one-third of household income. Younger women who worked apparently contributed more to household income compared with older working women, who showed declining contribution to household income over time except in 2005. The pronounced increase in the proportion contributed by the working elderly in 2005 may be explained by the fact that total household income among the elderly had also declined to levels significantly lower than those for the younger cohorts during that time (see Table 8.6).

An interesting corollary to the work patterns observed above is the extent of domestic work involvement that women are engaged in despite their active participation in the labour force. Table 8.4 shows that, regardless of age, it is the woman's responsibility to do the shopping for food, cooking, laundry, and undertake childcare in the household.[12] The elderly, however, are less burdened with washing clothes and childcare than the younger cohorts, and the same is true for the near-elderly in comparison to the middle-aged women. Nonetheless, the proportion of older women (elderly and the near-elderly) who still take responsibility for these domestic chores remains substantially high. But with the elderly at least, the extent of these responsibilities has diminished over time. Whereas some 28.0 per cent of the elderly took charge of all five major chores ten years ago (when they were in their early 50s), this proportion has substantially decreased (to 18.7 per cent) by 2005. It will be noted that few households had a domestic helper; the proportion of these households was negligible among the elderly, and gets smaller over time among households of the middle-aged and near-elderly women.

Household Composition

The compositional characteristics of the household provide the immediate context for the economic decisions and activities of its members. For older persons, this may mean that resources, such as the availability of caregivers and the type and amount of assistance from family members, may be affected by factors such as the number of people in the household and the relationship of the household members to the older persons. These factors may also affect the demand on the older persons' time, money and energy, such as when they are asked to help in childcare in the absence of other caregivers who may be working outside the home or even abroad.

Table 8.5 describes the women's households in terms of two characteristics: their size and structure (that is, whether the household is vertical, horizontal or multinuclear extended, rather than nuclear). It is observed that while the household size of the middle-aged women had increased over time, that of the elderly had decreased. Over time, the elderly also has a greater tendency to live in a smaller household compared with the near elderly and the middle-aged. This finding is consistent with the observation from the 1996 Philippine Near Elderly and Elderly Survey that the elderly live in smaller households compared with the near-elderly, since the children of the elderly may already have left the household in

TABLE 8.4
Domestic Work of Women by Age

Characteristics		Age 35–49	Age 50–59	Age 60–69
Responsible for shopping for food (%)				
1994		78.9	82.1	86.0
1998		78.3	79.5	77.1
2002	*	80.0	79.5	69.8
2005		78.1	74.8	72.0
Responsible for cooking (%)				
1994		73.2	71.8	72.0
1998		65.6	64.6	59.4
2002		66.2	67.2	60.4
2005		63.3	66.4	56.1
Responsible for cleaning the house (%)				
1994	*	66.3	53.4	48.6
1998		51.1	49.0	39.6
2002		47.8	46.1	37.7
2005		45.6	44.2	54.2
Responsible for washing clothes (%)				
1994	*	73.5	66.5	62.6
1998	*	64.4	60.1	47.9
2002	*	64.0	59.4	48.1
2005		60.9	58.8	57.0
Responsible for childcare (%)				
1994	*	80.4	74.7	68.2
1998	*	84.6	79.3	75.0
2002	*	77.0	70.4	60.4
2005	*	77.5	72.7	55.1
Domestic chores score (mean)				
1994	*	3.7	3.5	3.4
1998	*	3.4	3.3	3.0
2002	*	3.4	3.2	2.8
2005		3.3	3.2	2.9
Did all five domestic chores (%)				
1994	*	41.7	31.4	28.0
1998		30.2	28.2	21.9
2002	*	27.5	25.1	13.2
2005	*	25.2	20.8	18.7
Had domestic helper in the house (%)				
1994	*	9.2	8.1	0.9
1998	*	9.6	6.1	2.1
2002		5.9	6.5	1.9
2005		4.3	4.5	1.9

Note: * Differences by age categories significant at $p<0.05$.
Source: Authors' calculation.

TABLE 8.5
Household Composition by Age

Household Characteristics		Age 35–49	Age 50–59	Age 60–69
Household size (mean)				
1983	*	5.4	6.0	7.6
1985	*	5.3	6.1	7.6
1991	*	6.5	7.5	7.7
1994	*	6.8	7.6	7.4
1998	*	6.9	7.3	6.7
2002		7.1	7.0	6.5
2005	*	7.0	6.6	5.8
Extended household (%)				
1983	*	42.4	25.3	18.9
1985†				
1991	*	22.9	21.6	38.7
1994	*	25.2	29.9	49.5
1998	*	23.2	35.6	54.2
2002	*	33.1	42.7	58.5
2005	*	40.5	50.4	62.6

Note: * Differences by age categories significant at $p<0.05$.
† No data on household structure.
Source: Authors' calculation.

order to migrate or marry (De Guzman 1999). On the other hand, the elderly are more likely to be found in extended households compared with the near-elderly and the middle-aged. Family extension as explained in De Guzman (1999) is usually in the form of co-residence with a married son or daughter. Given that the married son or daughter is in the early stage of the family life cycle, their household is usually smaller (with fewer children) compared with their parental household.

The data also show a general tendency for the women, regardless of age, to live in extended family households over time. This may be partly attributed to housing constraints resulting from the rapid urbanization and heavy inmigration experienced in Metro Cebu during the more than twenty years covered by the study.

Household Income

The ability of households to finance the needs of their elderly members is contingent upon the income generated by the household. As pointed out earlier, the CLHNS sample was selective of high fertility, low socio-

economic status women, and the latter is reflected in the income levels that the households reported (Table 8.6).[13] It is at least heartening to note that, in general, the households of these women did not suffer severe fluctuations in real income for extended periods of time. The overall trend, in fact, is a gradual increase in real household income for all women, regardless of age cohort, even if a decline is imminent in the households of elderly women in the last survey round (2005).[14]

When household size is taken into account in relation to household income, it becomes clear that the households of the elderly women were generally poorer in terms of per capita income compared with the households of younger women. Nevertheless, the increasing trend in real per capita income prevails for all women, albeit households of the near-elderly manifest a clear economic advantage as these women approach late adulthood, a time when their children become productive household members themselves.

TABLE 8.6
Household Income by Age

Income measure		Age 35–49	Age 50–59	Age 60–69
Weekly income (median)†				
1983	*	181.2	164.0	169.6
1985		155.8	149.3	159.3
1991		261.0	302.9	306.4
1994	*	347.1	391.1	373.8
1998	*	393.1	469.9	379.2
2002	*	395.1	424.0	377.1
2005	*	397.8	415.0	272.0
Weekly income per capita (median)†				
1983	*	42.1	27.5	22.9
1985	*	33.6	25.7	22.2
1991		43.2	41.1	41.0
1994		54.5	53.7	50.1
1998	*	60.5	64.8	53.8
2002		60.6	65.9	60.3
2005		61.0	64.4	54.0

Note: * Differences by age categories significant at $p<0.05$.
† In Philippine peso; deflated to 1983 value.
Source: Authors' calculations.

Owing perhaps to the limited sample size of the elderly cohort and the fact that the majority of these women were still in their early 60s, the data cannot unequivocally establish the income disadvantage of households of the elderly vis-à-vis those of younger cohorts. Yet there are indications that this is so. On a positive note and from a life course perspective, the same indications also suggest that the near-elderly as well as the middle-aged women could well be in a better economic position when they themselves get old compared with the situation of the elderly now. In the same vein, one can probably surmise that the "young" elderly women of today are probably better-off than those in the past, or those who now are older than them ("old" elderly).

Other Income Sources

The CLHNS enquired about income not just from paid employment of household members but also from other various sources. These other sources include, among others: (1) rent from land, room, and board, (2) remittances from family members, including spouse, and (3) pension and interest payments from savings. Table 8.7 illustrates the growing importance of other income sources for households over time and for all age cohorts. Whereas only about one in every ten households was getting income from other sources in 1983, nine in every ten were already doing so by the late 1990s. Pronounced increases are particularly noticeable for households receiving remittances, and markedly so for households of the elderly women during the last three survey rounds.

Curiously, higher proportions of households of the middle-aged women were sourcing income from pensions than households of older women. Although this deserves closer investigation, it will be recalled that a considerable number of middle-aged women were residing in extended households and this could mean that these women were co-residing with an elderly parent or relative who was receiving pension payments, not to mention the also greater likelihood that these households may be collecting interest earnings from larger accumulated savings. The elderly women, on the other hand, may have yet to receive their pension payments, or may not have any at all, considering that the elderly cohort generally had less education and worked in low-paying jobs, and that many women in the CLHNS were self-employed or had worked in the informal sector and thus cannot avail of social security benefits (Gultiano 1999).

TABLE 8.7
Other Sources of Income by Women's Age

Other income sources		Age 35–49	Age 50–59	Age 60–69
With other sources of income (%)				
1983		12.9	12.5	11.3
1985		34.2	33.8	22.2
1991		57.2	59.9	59.4
1994		81.2	79.3	75.7
1998		92.3	91.1	94.8
2002		86.0	89.6	84.0
2005		87.9	86.7	87.9
Receiving rent (%)				
1983		2.5	3.6	1.9
1985		2.4	4.3	2.0
1991		5.1	5.5	6.6
1994		7.6	7.2	7.5
1998		9.2	10.6	12.5
2002		8.7	11.5	6.6
2005		7.4	8.8	4.7
Receiving remittance (%)				
1983		6.5	5.3	7.6
1985		12.1	12.2	7.1
1991	*	23.2	26.6	33.0
1994	*	50.3	51.6	51.4
1998	*	53.1	61.1	68.8
2002	*	37.9	44.5	58.1
2005	*	43.8	50.8	57.0
Receiving pension (%)				
1983		3.5	2.6	0.9
1985	*	22.6	21.3	11.1
1991		36.5	34.2	29.3
1994	*	46.9	38.3	39.2
1998	*	50.1	51.7	37.5
2002		47.4	47.0	44.8
2005	*	54.3	48.9	44.9

Note: * Differences by age categories significant at $p<0.05$.
Source: Authors' calculation.

Household Expenditure

Argued as a more reliable measure of regular financial resources than household income (Poterba 1989; Cutler and Katz 1992), household expenditure information was collected by the CLHNS starting in 1994. Data covered a wide array of regular weekly, monthly, and annual expenses

which include food, common household consumables such as toiletries, reading materials, recreation, transportation, allowances, loans, taxes, insurances, parties, and school and medical expenses. The 2002 and 2005 surveys also gathered data on expenditures for cable TV, Internet connection, cellphone, and cellphone cards and accessories. For this study, total household expenditure was computed as the sum of all these and other household expenses on a weekly basis (in Philippine Peso, deflated to 1983 level).

Table 8.8 presents the levels and trends of total household expenditure, per capita expenditure, and the proportion of expenditure spent on food and medical expenses for each age cohort. When compared with Table 8.6, it is obvious that measures of expenditure exceed those of income, although the two are highly correlated (coefficient = 0.600, $p < 0.001$). This may reflect the more permanent nature of expenditures, which represent a

TABLE 8.8
Household Expenditure by Age†

Expenditure measure		Age 35–49	Age 50–59	Age 60–69
Weekly expenditure (mean)				
1994	*	650.1	696.9	522.2
1998	*	669.2	712.8	492.8
2002	*	726.0	728.7	522.6
2005	*	740.0	676.7	453.8
Expenditure per capita (mean)				
1994	*	104.3	100.2	78.7
1998	*	106.5	109.3	80.8
2002		115.4	118.3	93.2
2005	*	120.2	113.7	89.9
Proportion of expenditure spent on food				
1994	*	.567	.552	.593
1998	*	.473	.456	.495
2002		.423	.424	.454
2005	*	.436	.445	.473
Proportion of expenditure spent on medical expenses				
1994		.019	.018	.020
1998	*	.022	.018	.029
2002		.021	.021	.030
2005		.020	.026	.023

Note: * Differences by age categories significant at $p<0.05$.
† In Philippine peso; deflated expenditure, 1983 value.
Source: Authors' calculation.

better indicator of the household's economic situation. Table 8.8 further illustrates that, on average, households of elderly women spent less (in total and per capita terms) than their younger counterparts. However, of the smaller amount that their households spent, they spent proportionally more on food and medical expenses than did the households of their middle-aged and near-elderly counterparts, implying that their households probably spent less on other commodities and leisure.

Correlates of Current Expenditure and Income Status

To examine the factors related to financial resources of the elderly and near-elderly women's households, regression analysis on expenditure per capita and income per capita, with selected characteristics of women and their households, was separately applied. With respect to the correlates of household expenditure per capita, the results presented in Table 8.9 highlight differences among the three cohorts of women. The covariates that are common across all three age categories are household size and

TABLE 8.9
Regression Estimates for Expenditure Per Capita with Selected Characteristics of Middle-aged, Near-elderly and Elderly Women, 2005

Characteristics	Age cohort					
	Ages 35–49		Ages 50–59		Ages 60–69	
	Coef	P value	Coef	P value	Coef	P value
Currently married with spouse	6.070	0.526	11.704	0.140	–18.305	0.194
Completed elementary school	0.307	0.965	10.763	0.126	6.475	0.669
Completed high school or higher	75.315	0.000	50.939	0.000	34.043	0.240
Household size	–11.120	0.000	–10.705	0.000	–9.527	0.002
Extended household	4.503	0.504	–8.570	0.197	17.139	0.303
Working	11.930	0.075	–1.986	0.767	–16.822	0.224
Number of pregnancies	–0.923	0.519	–1.718	0.123	–0.898	0.670
Assets score	25.291	0.000	22.095	0.000	20.995	0.000
Has other sources of income	10.755	0.223	9.094	0.287	24.914	0.208
Urban residence	–14.963	0.020	4.186	0.511	–0.042	0.998
No. of cases	1,244		667		107	
R squared	0.37		0.44		0.44	

Source: Authors' calculation.

household assets. Logically, the more persons there are in the household, the greater the pressure exerted on resources.[15] On the other hand, household assets, which refer to accumulated wealth of households, is expected to be positively associated with expenditure. These two factors are correlated with the economic status of households over an extended period of the women's life course. Among all the factors investigated in this study, they are the only significant influence on per capita household expenditure among elderly women. In the households of the near-elderly women, a relatively high educational attainment (completion of secondary education or higher) is also shown to boost household expenditure. This is also true for households of middle-aged women, albeit an urban residence had a restraining effect on expenditure of these women's households.

Although expenditure is highly correlated with income, Table 8.10 shows that income per capita has a different set of covariates by age category of women. While household assets remains positively associated with per capita income of the elderly, household size no longer exerts the same significant influence on income as it did on expenditure. Instead,

TABLE 8.10
Regression Estimates for Income Per Capita with Selected Characteristics of Middle-aged, Near-elderly and Elderly Women, 2005

Characteristics	Age cohort					
	Ages 35–49		Ages 50–59		Ages 60–69	
	Coef	P value	Coef	P value	Coef	P value
Currently married with spouse	1.188	0.877	13.186	0.089	–11.400	0.328
Completed elementary school	0.877	0.874	5.518	0.423	20.229	0.108
Completed high school or higher	44.742	0.000	22.223	0.011	64.376	0.008
Household size	–8.747	0.000	–5.917	0.000	–1.468	0.551
Extended household	1.558	0.773	–8.751	0.178	–7.879	0.567
Working	12.177	0.023	15.737	0.017	–13.981	0.222
Number of pregnancies	0.258	0.822	–2.165	0.047	1.775	0.310
Assets score	16.293	0.000	14.163	0.000	12.356	0.000
Has other sources of income	6.503	0.359	10.507	0.209	20.735	0.205
Urban residence	–3.263	0.528	16.700	0.008	–9.788	0.394
No. of cases		1,244		667		107
R squared		0.28		0.27		0.32

Source: Authors' calculation.

higher educational attainment of the elderly helps to enhance their household income. With respect to the near-elderly, per capita income is higher in households of women who had completed high school education, are working, have more household assets, and are residing in an urban *barangay*. Per capita income is lower for those women with more pregnancies and more household members. For the middle-aged cohort, high school completion, labour force participation, and more household assets tend to increase household per capita income, whereas a large household size tends to depress it.

Concluding Remarks

For a study on older persons, this chapter has a number of limitations. It is a case study and is limited to older childbearing women in Metro Cebu. The age distribution of these women is skewed in favour of the middle-aged and the near-elderly, and the right-censoring of data does not allow ample representation of the elderly population. However, in the interest of equity and welfare, the study remains valuable because it provides focus on a disadvantaged sector of society: older women of lower socio-economic status. It should be the concern of policymakers to anticipate and provide for the needs of this growing number of women in the country. The study site is also argued to be advantageous because it mirrors conditions that many women and households in the Asian region experience amidst rapid urbanization and development in their respective areas.

In spite of its limitations, the study has some strengths. It is one of the few studies, if not the first, in the Philippines to provide a longitudinal perspective of women's demographic and economic conditions, spanning a period of two decades of their lives. Few such studies can provide this historical perspective of women's lives. Moreover, the study provides comparisons of elderly and near-elderly women with a younger cohort. This is particularly useful because, on the aggregate level, the socio-economic characteristics of the elderly do change over time, depending in part on their previous circumstances when they were younger and in their more productive years. As this study has shown, elderly women, for example, are disadvantaged not just in old age, but also in their younger years. Old age tends to aggravate this condition. In contrast, the near-elderly women appear to be better-off economically, as are the middle-aged women of today. There are clearly cohort and period effects that

cannot be ignored and must be accounted for especially when planning for the elderly of tomorrow. Empirically, what this study has shown is that, all things being equal, the elderly, decades from now, will likely be better-off economically than their counterparts of today. What this implies is that investments on women's productivity (their education, health, reproductive behaviour, job choices, and opportunities) in their younger years will undoubtedly reap benefits for them and their families when they reach old age.

Thus, from the perspective of policy, planning for the elderly must start with planning for the young and middle-aged people of today. If education, health, and earning capacity of these two groups can be enhanced, the future elderly will be better able to finance their own life. They will become more self-reliant, and reduce the cost others (the government, family, and society at large) must bear to support them. Thanks to the slow transition in age structure, the Philippines has ample opportunity to prepare for ageing concerns by enhancing the earning capacity and health of the middle-aged population. Much has yet to be done in this regard, but there is time to do it.

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Notes

1. Total dependency ratio is defined here as ratio between "dependent population (<15 years old and > 64 years old)" and "working age population (15–64 years old)". The ratios are calculated from <www.nscb.gov.ph/secstat/d_popn.asp>. The demographic window of opportunity is said to be open as long as the total dependency ratio is below 50.0.
2. An elaboration of the significance and the constraints of human capital investments in the context of the Philippine age-structural transition is found in Gultiano (2005). The paper also speculated on the compensatory role of overseas employment in the absence of full employment and its apparent benefits for households and the economy — an angle not adequately addressed in the discourse on the demographic bonus.

3. It is calculated from <www.nscb.gov.ph/secstat/d_popn.asp>.
4. As defined by the National Youth Commission of the Philippines, "youth" refers to those in the population who are 15–29 years of age.
5. Third quarter estimates in 2006 pegged the unemployment rate of the country at 9.9 per cent. However, unemployment rates were considerably higher in more developed and urbanized regions of the country, for example, 18.1 per cent for Metro Manila, 11.6 per cent and 12.1 per cent for Central Luzon and the Calabarzon, both regions adjacent to the national capital, and 11.3 per cent in Central Visayas where Metro Cebu is located (NSO 2006)
6. According to statistics from the Philippine Overseas Employment Administration (POEA), the number of Filipino contract workers deployed overseas has steadily risen in the past few years, from 755,684 in 1998 to 891,908 in 2002, and up to 988,615 by 2005 (POEA 2008).
7. A "*barangay*" is the smallest administrative unit in the Philippines and is akin to a village or a district.
8. The CLHNS women were recruited on the basis of their pregnancy status in 1983–84, irrespective of parity and marital status. This selection criterion necessarily imposes a selection bias in favour of younger, more fertile women and, in the Philippine context, women of lower socio-economic status. Of the 3,327 pregnant women identified at baseline, 13.1 per cent were under 20 years of age, 60.6 per cent and 23.6 per cent were 20–29 and 30–39 years old respectively, while 2.7 per cent were 40 years old and older. (For a detailed discussion on selectivity of the CLHNS sample, cf. Adair, Viswanathan and Polhamus 1997.)
9. In 2005, two of the women 35 years of age were 14 years old at baseline. These women were among the last to be interviewed in 1984, but among the first to be followed up in 2005.
10. Of the 2,018 women interviewed in 2005, only 1,669 (82.7 per cent) were interviewed in all survey rounds. Moreover, not all of these 1,669 women had complete information in each survey round; some information, for example, on work, income, and expenditure, is missing in a number of interviews.
11. For example, first quarter estimates of employment rates for women in 2002 was about 55.0 per cent for the country as a whole, as well as for the Central Visayas Region to which Metro Cebu belongs (NSO 2006). A study by Cabigon (1999) using the 1996 Philippine Elderly and Near Elderly Survey estimated the labour force participation rate of elderly women to be 28.1 per cent.
12. Starting in 1994, the CLHNS inquired about specific chores in the household and who was mainly responsible for doing them. These chores included: (1) going to the market, (2) cooking, (3) cleaning up after meals, (4) cleaning the house, (5) washing clothes, (6) taking care of the children, (7) fetching water, (8) gathering firewood, (9) tending to plants and animals, and (10) house

repair. Responses revealed that chores (1), (2), (4), (5), and (6) were those most frequently performed by the sample women.

13. The computation of household income in the CLHNS is an elaborate process. Earnings are based on the type of job each working household member is doing and may be computed on per time, per piece/product, or commission basis, and depends on whether the work is done daily, monthly or seasonally. To the total earnings of all household members is added income from other sources such as remittances, pension, rent, and the like. The overall total is then deflated to 1983 levels.
14. The CLHNS data have persistently shown a worsening of economic conditions at the time of the 1985 survey, the time when the country suffered political and economic instability that led to the ouster of former president Marcos.
15. The correlation coefficient between expenditure per capita and household size in 2005 was –0.276; for income per capita and household size, it was –0.248.

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9

EMPLOYABILITY APPROACH TO FINANCING OLD AGE

Chew Soon Beng and Rosalind Chew

Globalization has generated many controversies because it affects different countries differently. Even for countries that benefit significantly from globalization, some industries will gain and others will suffer. This is because under globalization the more efficient sectors — the export sectors — will grow and employ more workers, and the less efficient sectors — the import sectors — will shrink and retrench workers. Hence, while increase in employment in some sectors may be noticeable, the media, the public, and certainly the retrenched workers, will make known to the country the plight of the retrenched workers. The nightmare of globalization to developed countries is outsourcing. Because of technology, jobs are exported out in return for a higher rate of return to the corporate sector without any benefit to local employment.

As Stiglitz (2004) puts it, the Americans, the long-time champions of globalization, seem concerned about its adverse effects on their economy. Globalization is here to stay and the debate on globalization will linger on. The best way to cope with globalization is to build a series of labour market mechanisms that mitigate the adverse effects from globalization while taking advantage of its benefits.

Not surprisingly, Singapore is also affected by globalization. The Gini coefficient for the economy increased from 0.44 in 1990 to 0.49 in 2000 and to 0.52 in 2005 (Chew and Chew 2007) indicating that the income gap in Singapore has worsened. This is inevitable, as low-income Singaporeans compete with workers from developing countries; hence their incomes will not rise unless there is productivity gain. On the other hand, high-income Singaporeans compete with professionals in the developed countries; hence their incomes will rise in tandem with the rise in salaries in the United States and Europe. Also, due to the relocation of plants to lower-cost countries such as China and Vietnam, the unemployment rate was high during 2000–03. Singapore's approach to the problem of the rising income gap is multifold: (i) continue to provide incentives for high-income professionals to work in Singapore (while not raising the income tax rate); (ii) use fiscal policies to help low-income Singaporeans; (iii) manage wage cost so that firms can retain workers without resorting to retrenchment; (iv) train workers; and (v) redesign jobs for the local unemployed. Hence, Singapore's approach is to enhance employability where possible.

The purpose of this chapter is to examine the Singapore government's employability approach to financing old age, taking into account the adverse effects of globalization in the following areas: Singapore's social security scheme, the wage system, job advertisements, training scheme and job redesign. It aims to show that Singapore's way of providing social security depends heavily on ensuring the employability of workers.

Reform of the Social Security Scheme

Singapore's social security scheme is the Central Provident Fund (CPF) scheme, which was introduced by the British in 1955. Under this scheme, both employers and workers contribute each month a certain percentage (initially 5.0 per cent) of the monthly wages of the worker towards the worker's CPF account. This raises the wage cost of employing workers by the amount of the employer's contribution. Hence Singapore's wage system is linked closely to the Central Provident Fund. In the initial decades, both employer and employee CPF contribution rates were gradually raised to 25.0 per cent in 1985. However, during the 1985 recession, the employer CPF contribution rate was reduced from 25.0 per cent to 10.0 per cent in 1986 to save jobs (see Lim and Associates 1988 for details). It was a difficult decision for both the government and the people, as Singapore never had

a recession since independence and the people were used to having wage increases of close to 10.0 per cent per annum. Nevertheless, the government promised that the employer's contribution rate would be restored once the economy recovered. Hence, with economic recovery after 1986, the employer's CPF contribution rate was gradually restored, but only up to 20.0 per cent by 1994. The occurrence of the 1997 East Asian currency crisis forced the government to reduce the employer's CPF contribution rate again to 10.0 per cent in 1999. The employer's CPF contribution rate was gradually raised again to 16.0 per cent in 2003, but was reduced yet again to 13.0 per cent in 2003 due to the impact of SARS on the economy.

Both the economists and the government knew that the CPF scheme is a long-term social security measure, and are aware that it should not be used as a macroeconomic tool — which it had been used as too frequently. Furthermore, there is a negative effect in using the CPF scheme as a macroeconomic instrument: it depresses the property market when the employer's CPF contribution rate is reduced, thereby aggravating the recession (this is because many Singaporeans use their CPF funds to finance their mortgage payments). As we will discuss later, the best way to manage wage cost lies in the wage system and not in changing the employer's CPF contribution rate. The Singapore economy has recovered since 2005. The Singapore government increased the employer's CPF contribution rate to 14.5 per cent from July 1, 2007. Firms have been told to reward workers by means of the bonus and the Monthly Variable Component (MVC) when possible.

Apart from affecting the wage cost, the CPF scheme also affects home ownership and the ability of Singaporeans to pay hospitalization bills, due to the way the CPF is structured. The CPF is an individual and fully funded, compulsory savings scheme. Although the money balances in the CPF cannot be withdrawn by a member until he/she reaches the age of fifty-five subject to a minimum sum which will be discussed later, they can be used for certain purposes. The CPF balances are divided into three accounts: 66.7 per cent of the CPF money is channelled into the Ordinary Account which can be used for financing housing mortgages, purchase of stocks, etc; 14.5 per cent goes into the Special Account which is for retirement; and 18.8 per cent goes into the Medisave account which can be used to pay hospital bills. There is a quantity ceiling for the Medisave account. It started off with a $5,000 ceiling in the 1980s. Any amount in excess of this ceiling is diverted back to the Ordinary Account. The rising cost of hospitalization has resulted in this ceiling being raised every year.

At present, the ceiling for the Medisave account is $30,000, and is expected to increase each year.

The minimum sum scheme was introduced in 1990. With the introduction of this scheme, except for a minimum sum to be retained under the CPF, all CPF balances can be withdrawn by a member on reaching the age of fifty-five. This minimum sum was initially set at $30,000, but has been gradually raised over the years, and is now set at $100,000. CPF members reaching the age of fifty-five are given the option of buying an annuity scheme from the private sector with the minimum sum, or retaining the minimum sum under a retirement account, which earns an interest of 4 per cent per annum. With the annuity scheme, CPF members will be paid about $500 a month from age sixty-two for as long as they live. Should they die before the age of eighty-two, their beneficiaries will receive very little, even if they had died soon after the age of sixty-two. With $100,000 in their retirement account, CPF members will receive about $800 a month from the age of sixty-two to eighty-two. Should they die before the age of eighty-two, their beneficiaries will receive whatever amount remains in their retirement account. Consequently, about 95.0 per cent of CPF members have opted to retain their minimum sum under the retirement account. The Singapore Government's latest proposal is an annuity scheme that would pay CPF members a monthly sum of $250 starting at the age of eighty-five, the premium for which is about $9,000, which is to be deducted in a lump sum at the age of fifty-five. The government's view is that this annuity scheme should be made compulsory for most CPF members unless they have their own annuity schemes or if they suffer from a serious illness (National Day Rally Speech, 2007).

However, many CPF workers do not meet the minimum sum requirement of $100,000 at the age of fifty-five. As can be seen in Table 9.1, there are 110,138 CPF members aged above fifty (about 7.5 per cent of the active CPF members) who do not have $100,000 in their respective CPF balances (including withdrawals, regardless of purpose) as of 31 December 2006. This means that these members have even less than that in actual balances held in the CPF. Under the CPF rules, those who could not meet the minimum sum at age fifty-five can withdraw only half of the actual money balances from the CPF board. The remaining half is most likely to be kept under the retirement account. As the CPF minimum payout from age sixty-two is $250, if the amount kept in the retirement account is not enough, for example if it is only $10,000, this amount will not last until anywhere near the age of eighty-two. This is a potentially serious social

TABLE 9.1
Distribution of Active CPF Members by Engrossed Balances (Including Withdrawals) and Age Groups as of 31 December 2006

CPF balances	Age Group					Sub-total
	<50	50–54	55–59	>60	Others	
<$5,000	107,962	1,050	1,935	9,378	8	120,333 (0.08%)
$5,000–$9,999	48,084	1,540	1,977	6,680	7	58,288 (0.004%)
$10,000–$99,000	436,296	33,286	31,021	45,826	3	546,432 (37.37%)
$100,000–$149,999	165,053	15,869	17,322	8,048	0	206,292 (14.11%)
>$150,000	386,436	92,217	43,173	8,778	—	530,604 (36.29%)
Total	1,143,831 (78.24%)	143,962 (9.84%)	95,428 (6.53%)	78,710 (5.38%)	18	1,461,949 (100.00%)

Source: CPF Board Annual Report (2006).

problem, as there is limited social safety net provided by the government. Singapore's approach is to enhance employability where possible.

The reason so many CPF members do not have a sufficient amount of CPF savings is that most Singaporeans do not earn much, as shown in Table 9.2. Table 9.2 gives the monthly wage level of active CPF members. It reveals that members who earned less than $2,000 monthly accounted for about 43.0 per cent of the active workforce between 2005 and 2006. This explains why both spouses have to work in Singapore in order to maintain a sufficiently acceptable standard of living. Table 9.2 also shows that income distribution may be an issue. The percentage of those who earned less than $1,000 increased, and the percentage of those who earned more than $5,000 also increased from 2005 to 2006.

Other changes in the CPF rules have been introduced recently to help low-income Singaporeans cope with globalization. For the first time, the government allows CPF members to use the balance in the Medisave account to pay for outpatient treatment of chronic diseases such as diabetes, up to a maximum of $300 a year. This new policy will benefit low-income Singaporeans. Furthermore, any amount in the Medisave account in excess of the ceiling is now diverted to the Special Account,

TABLE 9.2
Distribution of Active CPF Members by Monthly Wage Levels and Age Groups as of 31 December of Respective Year

Monthly Wages Level	2005	2006
<$500	58,311	64,683
	(4.2%)	(4.4%)
$500–$999	168,580	185,183
	(12.2%)	(12.7%)
$1,000–$1,999	367,383	370,859
	(26.6%)	(25.4%)
$2,000–$2,999	315,050	324,409
	(22.8%)	(22.2%)
$3,000–$4,999	275,379	254,837
	(19.9%)	(17.4%)
>$5,000	196,348	261,963
	(14.2%)	(17.9%)
Others	—	15
Total	1,381,068	1,461,949

Source: CPF Board Annual Report (2005 and 2006).

which is meant for retirement, instead of being returned to the Ordinary Account. The reason for this change is that the government now wants to put less emphasis on investment in property as the home ownership goal has been achieved long ago.

There is no unemployment benefits scheme in Singapore. Singapore's social security scheme, which is based on the CPF, is based on employment. In other words, when a person is unemployed, he has to find a job or use his savings to support himself, or be at the mercy of his relatives and friends. He is not allowed to withdraw his CPF funds until he reaches the age of fifty-five, even if he is unemployed.

However, retrenchment insurance has been introduced recently by the private sector in Singapore. This scheme provides a one-time payment (benefit) of either $3,000 or $6,000 on retrenchment. The annual premium for workers ranging from twenty-one to forty years of age is $90 (if the benefit is $3,000) or $180 (if the benefit is $6,000) for employees in the civil service, IT, financial, retail, transport and education sectors, and $180 or $360 respectively for employees in the construction, hotels, manufacturing, and other sectors. The annual premium for older workers is much higher.

Workers who have been working for at least two years are eligible to apply for this scheme. Retrenchment payments are subject to the condition that retrenchment takes place six months after the application has been accepted and effective. It should be noted that this retrenchment insurance is different from the unemployment benefits scheme in the West. The unemployment benefits scheme is known to increase the duration of job search. Retrenchment insurance, in contrast, does not create a disincentive to work as it is a one-time payment.

Transformation of the Wage Payment System

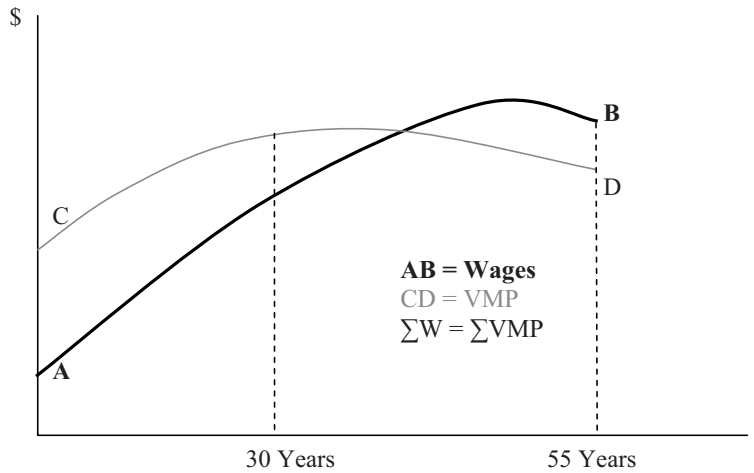
From the 1950s to the 1980s, the seniority-based wage system was the dominant wage system in Singapore. This was a system under which the wage of a worker is linked to his length of service with the company. If the company does well, the worker may get a bonus of about one month's pay. This wage system was also adopted by the government for some civil servants. (The civil service also implemented a pension system for officials in the army and the police according to which an employee receives a monthly income of about two-thirds of his last-drawn pay on reaching the age of retirement.)

If we impose the condition of profit maximization in such a wage system, the entire lifetime earnings of a worker must equal his/her total value of marginal product. However, in reality the two curves do not coincide, as illustrated in Figure 9.1, in which the curve AB represents the yearly earnings of a typical worker, while the curve CD represents the contribution to the company of this worker. Rather, it is more likely that the wages of young workers are lower than their value of marginal product of labour in the early years of employment, and the reverse is true when they approach the age of retirement. Hence, a worker invests in the firm and hopes that his investment will bear fruit towards his retirement.

Employers are happy with this system for the following reasons: when a young worker leaves the firm, the firm does not lose out, as it has gained more in productivity than it paid in wages. Nor will it lose out when the worker retires at the stipulated retirement age as the area under the two respective curves is the same under profit maximization.

The seniority-based wage system served Singapore well from the 1960s to the mid-1980s. However, in late 1985, there was a recession in Singapore, and the unemployment rate rose. As Singapore's social security system is based on employment, it was necessary to reduce labour costs quickly and

FIGURE 9.1
Seniority-based Wage System



Source: Authors' original work.

to a significant extent in order to stabilize employment. At that time, there was no mechanism in place by which wages or wage costs could be reduced significantly in a speedy manner. It was then realized that for a small, open economy such as Singapore, the seniority-based wage system had outlived its usefulness. Another main weakness of the seniority-based wage system is that employers oppose the extension of the retirement age as workers under this wage system would want to get rid of older workers at the next available opportunity.

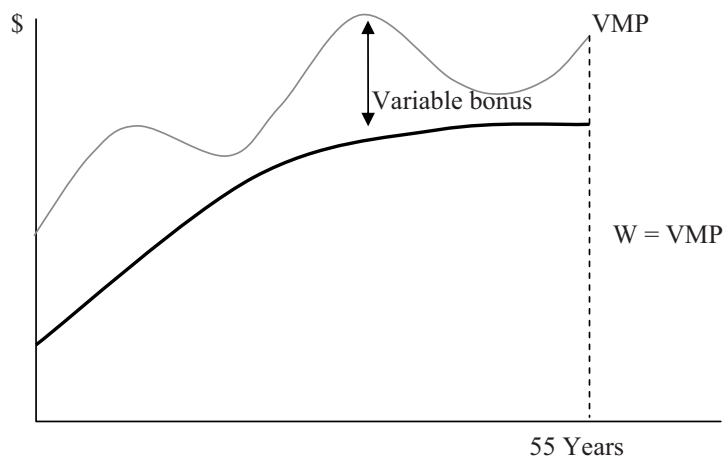
As labour costs could not be reduced immediately under the seniority-based wage system, the employer's CPF contribution rate was cut from 25 per cent to 10 per cent in 1986 (Lim and Associates 1988). This enabled the Singapore economy to recover quickly. However, the social cost of reducing the CPF contribution rate was high. People who made full use of their CPF balances to finance their housing mortgages were badly hit. Unwilling to rely on the CPF scheme as a means to reduce labour costs under similar conditions in the future, the National Wages Council (NWC), Singapore's tripartite wage-determining council, has been promoting the flexible wage system since 1987 (Chew and Chew 2005).

Under the flexible wage system, the income of a worker comprises a fixed income component and a variable component, often referred to as an annual bonus. The fixed component of income is still based on seniority even though it now accounts for about 90 per cent of total income. As shown in Figure 9.2, when a company performs well, as reflected by a healthy profit margin, the value of the marginal product (VMP) of labour, which is affected by the price of the product, rises. In other words, the VMP curve is linked to the business cycle although the linkage varies from firm to firm. Workers, therefore, would get a larger bonus when the company performs well.

Indeed, many firms have implemented the flexible wage system to varying degrees since 1987 in two main ways: introduce a bonus into the wage system and gradually reduce the difference between the starting and retiring wage levels, and narrow the maximum-minimum wage gap under the seniority-based system for the fixed component portion of the income.

However, the flexible wage system was not effective in reducing labour costs immediately in the 1997 East Asian currency crisis, even though it

FIGURE 9.2
Flexible Wage System



Source: Authors' original work.

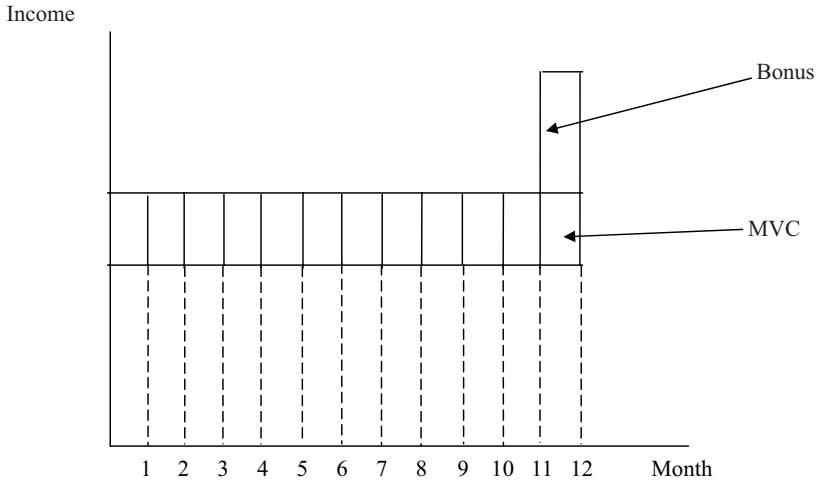
was designed to lower wage costs by reducing bonus payments during a recession. There were a number of reasons for this. The flexible wage system was not widely implemented. Transition from the seniority-based wage system to the flexible wage system was more difficult than perceived. As Figure 9.1 depicts, a worker under the seniority-based wage system would have accumulated a significant sum in terms of the difference between his VMP and his earnings by the age of thirty, and he might expect his employer to compensate him an equivalent sum if he were to be placed on the flexible wage system. But most employers would be reluctant to compensate such a large amount. Employers did not see the need to share information with workers. Firms could easily retrench workers. Perhaps most importantly, there was no mechanism by which firms could use the flexible wage system to lower labour costs in a concerted manner because the bonus varies in size and timing of payout from firm to firm.

Consequently, the employer's CPF contribution rate was again reduced from 20.0 per cent to 10.0 per cent in 1999 in an attempt to regain Singapore's lost competitiveness.

However, Singapore is determined to promote the flexible wage system because the CPF scheme should definitely not be used as a macroeconomic instrument and cannot continue to be used as a macroeconomic instrument because any change in the CPF contribution rates affect property prices and funds for retirement; most importantly, it becomes a crutch to firms in Singapore as they expect the government to bail them out every time there is a recession. Thus, since, 1999, the NWC has been promoting the implementation of the Monthly Variable Component (MVC), which is a special case of flexible wage system.

Prior to the introduction of the MVC, wages comprised the monthly basic wage, an annual wage supplement (known as the thirteenth month payment) and an annual bonus. Generally, the monthly wage component accounts for 80 per cent of wage costs and the two annual components combined account for 20.0 per cent of the wage costs. With the MVC, the wage system would consist of three components: namely, the monthly basic component, the annual component (comprising the thirteenth month payment and the annual bonus), and the monthly variable component (see Figure 9.3). Both the government and the NWC feel that the monthly basic wage component should account for 70.0 per cent of the wage costs, with the annual component accounting for 20.0 per cent, and the MVC for 10 per cent. If this were the case, it would be possible to reduce speedily

FIGURE 9.3
Worker's Income = Fixed wage component + MVC + Bonus



Source: Authors' original work.

the annual component and the MVC, which in total would account for 30.0 per cent of total wage costs, in the event of a crisis. In this case, there would be no need to reduce the CPF contribution rates to regain competitiveness for Singapore.

The issue is how to promote the MVC. It is impossible to reduce the basic wage component to achieve the desired ratio. The government and the unions have since been promoting the gradual building up of the MVC. This can be achieved by having employers slow down the increase in the monthly basic component when economic conditions improve and employers need to increase wages. Thus, if an increase in wage costs of 4.0 per cent is planned, a fraction of the increase should be allocated to the MVC. This practice should continue until the MVC grows to become 10.0 per cent of the total wage costs.

While the MVC is a good idea, workers need to be educated to realize that the MVC can fluctuate and that it should not be used to service any mortgage or any hire purchase of a car. As both the government and especially the unions have been actively promoting it, the MVC as an

instrument in the wage system can be widely implemented. Employers must also be educated to realize that, in the event of another recession in the future, it may not be easy for the government to bail out the employers by reducing CPF contribution rates as the industrial relations scene may not be the same. Hence relying on the MVC is a safer bet.

Table 9.3 shows the extent of implementation of the flexible wage system in 2004. Generally, big firms and unionized firms are more supportive of the flexible wage system.

Table 9.4 shows that about 63.0 per cent of employees in Singapore are under the flexible wage system. It means that if firms do not do well, about 37.0 per cent of the employees may face retrenchment. Table 9.4 also shows that the flexible wage system is implemented in most industries except in the construction industry where the reliance on foreign workers is the heaviest.

TABLE 9.3
Proportion of Employees under Flexible Wage Systems, Singapore as of 30 June 2004

(%)

Industry	All Employees	Some Form of Wage Flexibility (a) + (b) + (c)	Number of Features of Flexible Wage System Implemented			
			Three (a)	Two (b)	One (c)	None (d)
All Industries	100.0	63.2	11.6	22.9	28.7	36.7
By Firm Size						
25–199 Employees	100.0	41.8	3.0	12.1	26.7	58.2
200 or more Employees	100.0	79.6	18.2	31.2	30.2	20.4
By Union Status						
Unionized Firms	100.0	91.4	27.1	39.0	25.3	8.6
Non-unionized Firms	100.0	48.3	3.4	14.4	30.5	51.8

Notes: (1) Three features are: Variable Bonus linked to Key Performance Indicators (VB/KPI), Monthly Variable Component (MVC), and Max/Min Ratio — narrowed, decided to narrow, or in process of narrowing maximum-minimum ratio;
(2) Figures may not add up to 100 per cent due to rounding off;
(3) An effective representative sample of 2,300 private sector establishments, each employing at least twenty-five workers.

Source: Ministry of Manpower. Singapore Yearbook of Manpower Statistics (2004).

TABLE 9.4
Proportion of Employees with Some Form of Wage Flexibility by Industries as of 30 June 2004

Industry	Some form of Flexible wage (a) + (b) + (c)	No. of key wage recommendations implemented		
		Three (a)	Two (b)	One (c)
All Industries	63.2	11.6	22.9	28.7
Manufacturing	64.4	13.3	26.7	24.4
Electronics Products*	80.4	16.2	39.3	24.9
Petroleum & Chemical Products*	73.0	3.7	30.9	38.4
Food Products & Beverage*	45.8	7.3	17.8	20.7
Construction	37.6	4.1	5.5	28.0
Services	68.0	11.7	24.7	31.6
Wholesale & Retail Trade	64.6	7.3	17.7	39.6

Notes: (1) Key features are: Variable Bonus linked to Key Performance Indicators VB(KPI); Monthly Variable Component (MVC); Max/Min Ratio — Narrowed, decided to or in process of narrowing maximum-minimum ratio;
(2) Figures may not add up to 100 per cent due to rounding off;
(3) An effective representative sample of 2,300 private sector establishments each employing at least twenty-five workers.

Source: Ministry of Manpower. Singapore Yearbook of Manpower Statistics (2004).

Schemes to Encourage the Training of Workers

In a labour-short economy, labour turnover will be high. Consequently, most employers would not want to train workers because workers often job hop. In Japan, where the lifetime employment system, though less popular now, still prevails to a significant extent, training of workers makes sense as workers do not job hop.

In Singapore, Taiwan, Korea, Hong Kong, and Malaysia, many employers resort to labour poaching to get staff (Chew and Chew 1998). It makes economic sense. Someone else trains the worker and you pay a premium to win him over without bearing the risk of losing your investment in training a worker who gets poached. Market failure is inevitable under such circumstances. If all employers wait for each other to train workers, then the level of training in the labour market would be less than socially optimal. In order to have sustained growth, each of the

above countries has devised various schemes to encourage employers to train workers.

The most important scheme to advance the training of workers in Singapore is the Skills Development Fund (SDF). The scheme operates as follows: All employers in Singapore are required to pay a levy of 1 per cent of its annual payroll of all workers with a salary not exceeding S$2,000 monthly to the SDF, which is at present managed by the Singapore Workforce Development Agency, a statutory board under the Ministry of Manpower. The reason for imposing a ceiling of S$2,000 is to encourage employers to upgrade their workers so they do not have to pay this levy on their account.

Since its inception in 1978, the Fund has been the dominant channel for training workers in Singapore. Table 9.5 below shows the number of SDF-sponsored trainees. The Singapore workforce is around 2.2 million workers, and foreign personnel account for more than half a million. Hence, it can be argued that, on average, the local workforce comprising citizens and permanent residents can be wholly retrained once every three to four years.

Although the number of SDF-sponsored trainees has decreased, the number of firms applying to SDF has increased and the number of approved applications has increased as shown in Table 9.6. It indicates that the number of trainees per application has decreased.

As the SDF is a scheme catering mainly for workers who left the school system, it is expected that most of the trainees should be above the age of

TABLE 9.5
Number of Skills Development Fund (SDF) Sponsored Trainees: 1996, 1999, and 2005

	1996	1999	2005
Total	483,286	575,240	536,803
Quality-related Skills	112,904	157,082	121,841
Computer-related	104,636	109,356	84,663
Technical Production	94,796	73,684	55,917
Technical Service	92,889	146,511	186,300
Management and Supervisory	68,570	70,226	67,936
Trade and Craft Skills	2,219	10,278	6,250
Others	7,272	8,103	13,896

Source: Singapore Yearbook of Statistics 1996, 1999, and 2005.

TABLE 9.6
Principal Statistics of Skills Development Fund (SDF): 2003 and 2005

	2003	2005
Number of Applications Received	48,160	59,449
Number of Applications Approved	43,017	53,519
Number of Trainees Committed	562,331	536,803
Dollar value committed (million)	$93,230	$85,820

Source: Report on SDF, Singapore Workforce Development Agency, Singapore, 2003 and 2005.

twenty-five. Table 9.7 shows that older workers receive more training than younger workers. It should be noted that, although the SDF levy is imposed on unskilled workers, the SDF will sponsor training programmes for workers, regardless of education level. Table 9.8 shows that almost one-third of the trainees have secondary education. Workers whose education level is primary or lower, will also be looked after by self-help schemes such as the Chinese Development Assistance Scheme, which aims to help low-income Chinese Singaporeans through training and tuition grants.

TABLE 9.7
Number of Trainees by Age: 2003 and 2005

Age of Trainees	2003	2005
Below 20	10,761	9,678
	(1.8)	(1.8)
20–24	57,398	50,375
	(10.2)	(9.4)
25–29	102,542	86,411
	(18.2)	(16.1)
30–34	97,736	91,344
	(17.4)	(17.0)
35–39	92,148	95,777
	(16.4)	(17.8)
40 and Above	202,331	203,218
	(36.0)	(37.9)
Total	562,331	536,803
	(100.0)	(100.0)

Source: Report on SDF, Singapore Workforce Development Agency, Singapore, 2003 and 2005.

TABLE 9.8
Number of Trainees by Education: 2003 and 2005

Education Level	2003	2005
Primary and Below	55,848	45,117
	(9.9)	(8.4)
Lower Secondary	111,311	106,717
	(19.9)	(19.9)
Secondary	194,216	175,567
	(34.5)	(32.7)
Upper Secondary	56,732	64,702
	(10.1)	(12.0)
Diploma	78,792	79,387
	(14.0)	(14.8)
University	65,441	65,313
	(11.6)	(12.2)
Total	562,331	536,803
	(100.0)	(100.0)

Source: Report on SDF, Singapore Workforce Development Agency, Singapore, 2003 and 2005.

Chew (1990) argues that the SDF is heavily utilized by larger firms. Table 9.9 shows that firms with fewer than 100 workers account for about 10.0 per cent of the SDF trainees in 2005. However, in terms of expenditure per trainee, smaller firms have been given more resources. For instance, as shown in Table 9.10, the average expenditure per trainee for firms with fewer than ten workers is $665 in 2005 while the corresponding figure for large firms is $126. Nevertheless, larger firms are the main users of the SDF funds. For instance, in 2005, firms with more than 500 workers account for more than 53.1 per cent of total funds used in 2005 (see Table 9.11).

It is obvious that SMEs (small and medium enterprises) and the unemployed cannot benefit from the SDF. Hence the Singapore Workforce Development Agency (SWDA) was set up in the year 2000 to provide training places for the unemployed and for employees from SMEs.

The unique feature of the SDF training scheme is that it is pro-market as the training schemes are desired by the employers. Since there is cost-sharing between the SDF and the firm's applicant, the quality of the training scheme is enhanced. (If firms do not bear part of the training costs, they may not take training seriously.)

TABLE 9.9
Number of Trainees by Firm Size: 2003 and 2005

Firm Size	2003	2005
Fewer than 10 workers	8,521	8,869
	(1.5)	(1.7)
10–49 workers	30,087	30,253
	(5.4)	(5.6)
50–99 workers	23,690	17,924
	(4.2)	(3.3)
100–199 workers	41,545	42,232
	(7.4)	(7.9)
200–499 workers	83,261	74,708
	(14.8)	(13.9)
500 workers and more	375,227	362,817
	(66.7)	(67.6)
Total	562,331	536,803
	(100.0)	(100.0)

Source: Report on SDF, Singapore Workforce Development Agency, Singapore, 2003 and 2005.

TABLE 9.10
Expenditure Per Trainee by Firm Size: 2003 and 2005

Firm Size	2003	(2005)
Fewer than 10 workers	$470.3	$664.6
10–49 workers	$353.4	$318.2
50–99 workers	$245.0	$237.2
100–199 workers	$211.7	$155.4
200–499 workers	$139.8	$155.3
500 workers and more	$139.5	$125.7
Total	$165.8	$159.9

Source: Report on SDF, Singapore Workforce Development Agency, Singapore, 2003 and 2005.

It is argued here that to cope with globalization's impact on the generation of displaced workers, the best bet is a scheme such as the SDF. The objectives of the SDF are clear and easy to apply and it has the quantity impact on the quality of the workforce. It can reduce the number of retrenched workers as most workers are being trained while employed and this reduces the need for firms to retrench workers. But the SDF needs

TABLE 9.11
Proportion of Funds used by Firm Size

Firm Size	2003 (in percentage)	2005 (in percentage)
Fewer than 10 workers	4.2	6.8
10–49 workers	11.4	11.2
50–99 workers	6.2	4.9
100–199 workers	9.4	10.3
200–499 workers	12.4	13.5
500 workers and more	56.1	53.1
Total	100.0	100.0

Source: Report on SDF, Singapore Workforce Development Agency, Singapore, 2003 and 2005.

TABLE 9.12
Revenue and Expenditure of Skills Development Fund (SDF)

	2004 (million)	2005 (million)
Operating Income	$51.3	$69.8
(i) The Private Sector	$49.6	$67.3
(ii) Statutory Boards	$0.89	$1.3
(iii) The government	$0.78	$1.2
Operating Expenditure	$76.5	$75.8
Operating Deficit	$28.0	$9.8

Source: Report on SDF, Singapore Workforce Development Agency, Singapore, 2004 and 2005.

to find effective ways to encourage SMEs to apply to SDF for training of their workers.

Job Redesign

At present, there are more than 700,000 foreign personnel working in Singapore. More than 500,000 of the foreign personnel are low-skilled workers who are work-permit holders. Work permit is firm-based. Foreign workers on work permit are not generally allowed to change employers unless the permits expire. Recently, the government introduced a new scheme that addresses the issue of what is known as individualized work permits granted to individual foreign workers. The foreign workers given

this category of work permit can change employers. Some employers have expressed reservations about the new category of foreign workers as they can easily job hop.

Against the backdrop of the intention to allow more foreign workers to work in Singapore is the government's awareness of the fact that, at any one time, more than 70,000 Singapore residents are unemployed. Singapore job seekers have been told that there are many jobs vacancies which are unfilled and they should have no problems getting a job. Because Singaporeans are reluctant to take up these jobs, foreign workers are, therefore, brought in to fill those job vacancies. However, the pay of most low-skilled foreign workers is generally below the subsistence level in Singapore as the pay is not sufficient to cope with the nation's cost of living.

The strategy of the Singapore Government since the early 2000 is to redesign jobs with the hope of converting two or three low-paying jobs into one decent paying job for the locals. For instance, the image of a gardener has been professionalized by changing the name to landscape technician and having gardeners dressed in smart uniforms. Hence, wages increase as employees are given more responsibilities. Another example is to convert the job of a security employee to include more duties such as customer service and fire safety as well. All these imply that the companies concerned need to spend time and resources to enlarge job responsibility. Local employees need to be retrained too for the new jobs.

Companies in Singapore can seek funding from the Singapore Workforce Development Agency of up to $120,000 for job redesign projects to cover the following areas, namely, work scope, work processes, integration programme, and wage restructuring.

Work scope: The employer redesigns the job scope to take on new workers aged over forty or help re-employ workers above sixty-two years old. Examples of such redesign may include job sharing or getting workers aged sixty-two and above to be mentors to younger co-workers to tap their experience and knowledge.

Work processes: The employer redesigns the nature of the work to make it more accessible to mature workers. Examples include physical changes to the workplace to make it friendly for mature workers, mechanization to make the work less physically demanding, simplification of processes, and introduction of flexi-work and telecommuting arrangements.

Integration programmes: The employer develops programmes to help integrate mature workers into the workplace. To be considered on a case-

by-case basis as part of the overall redesign of work scope and/or work processes, the programme may include change management, workplace culturalization, or training programmes.

Wage Restructuring: The employer restructures the wage system to ensure that mature workers receive wages closely related to their performance and productivity, rather than just on account of their seniority. To be considered on a case-by-case basis, the employer's wage reform efforts should support the hiring of new workers aged over forty and/or the re-employment of existing workers above sixty-two years old.

Workfare

As mentioned previously, there is no unemployment benefits scheme in Singapore. Those who are in financial distress are expected to approach various government agencies for financial assistance, such as the Singapore Workforce Development Agency (SWDA), for example. In 2006, the Workfare Scheme was proposed in the 2006 Budget Statement. Under this scheme, workers (who must be low-skilled workers) whose pay does not exceed $800 a month would be entitled to receive $100 a month for one year from the government, provided she/he is working. Of this $100, the worker will get $29 in cash, and the remaining $71 will go into his CPF account. In 2007, the employers' CPF contribution rate has been deliberately lowered to enhance the employability of low-skilled workers who are in the age group 35–45. It is difficult to ascertain how effective the Workfare programme is in creating employment for these low-skilled workers although one can conclude that prospective employers would not complain.

There has been rather extensive discussions in Singapore on the Workfare scheme. Some feel that it might encourage lowly-paid workers

TABLE 9.13
CPF Contribution Rates for Workers aged 35 to 45, 2006

Monthly Wage Level	Employers (in percentage)	Employees (in percentage)
$800	9.7	16.5
$1,000	11.7	18.0
$1,200	13.0	19.0
$1,500	14.5	20.0

Source: CPF Board Annual Report (2006).

to remain in low-paid jobs. Others draw attention to the difficulty of finding out the real income of workers as some workers have worked unofficially in an additional job elsewhere and, therefore, should not qualify for the workfare scheme, and yet other workers did not declare their income to the income tax department. In fact, as a result of the introduction of the Workfare scheme, many part-time workers and self-employed people have declared their income to the income tax department in order to qualify for the scheme. Hence the Workfare scheme has caused some in the group of self-employed or informal workers to be subject to CPF requirements.

We would like to propose that a condition be imposed for receiving the workfare payment — that recipients should attend a training programme. Self-help groups could be assigned to conduct such a training scheme as they are familiar with the situation of the low-income Singaporeans. The cost of the training programme should be factored into the workfare payment. The training programme should be short in the first instance to reduce resistance of low-income workers to the idea of training.

Trends in Unemployment

Enhancing national competitiveness is a concerted effort for all concerned — employers, unions, and the government. Training, wage cost management, and government policies with regard to fees and charges for business, must be conducive to growth and recovery. Table 9.14 shows the indices of unit business cost and unit labour cost for the manufacturing sector. 1993 was a good year for Singapore, and 1995 was even better. Hence, the index for government fees was high in 1995. But it decreased significantly from 2000 to 2004 indicating that the Singapore government has adopted the Keynesian policy of reducing business cost during the period of uncertainty for the manufacturing sector. At the same time, wage costs were lowered due to the implementation of the flexible wage system. Accordingly, the unit labour cost and unit business cost declined steadily since 2000.

Table 9.15 shows the number of unemployed by education level from 1995 to 2005. In the mid-1990s when the Singapore economy was strong, most of the unemployed were not well educated. However, in the 2000s, the absolute number of unemployed increased significantly and many of the unemployed were graduates. Fortunately for Singapore, the number of unemployed decreased significantly between 2003 and 2005. This fall in

TABLE 9.14
Indices of Unit Business Cost and Unit Labour Cost in the Manufacturing Sector (1993=100)

	Index of Government Fees	Index of Unit Labour Cost	Index of Unit Business Cost
1995	113.9	95.7	101.2
2000	88.4	80.5	92.5
2001	90.3	94.2	99.8
2002	81.2	85.8	93.8
2003	84.8	82.5	92.4
2004	88.9	76.5	89.6
2005	94.6	74.2	88.9

Source: Yearbook of Statistics 2006, Singapore Dept of Statistics, Singapore.

TABLE 9.15
Unemployed Residents by Education Level ('000)

	Primary	Lower Secondary	Secondary	Upper Secondary	Diploma	Degree	Total
1995	9.9	5.4	9.3	2.6	2.2	3.1	32.5
1996	9.4	5.3	9.4	2.4	2.2	4.3	33.0
1997	8.3	5.8	7.9	2.3	2.8	3.3	30.4
1998	14.0	11.9	15.1	2.8	4.7	5.9	54.4
1999	15.8	12.0	16.8	4.4	4.6	7.1	60.8
2000	16.5	11.2	16.1	5.1	3.8	6.6	59.4
2001	14.7	10.6	16.3	5.4	6.2	8.7	62.0
2002	17.4	13.5	21.9	7.6	7.4	13.4	81.0
2003	17.9	15.9	23.9	9.8	8.2	15.5	91.2
2004	14.3	13.2	20.5	8.5	8.0	14.0	78.4
2005	9.6	14.9	17.7	8.4	3.9	9.8	64.2

Source: Yearbook of Statistics 2006, Dept of Statistics, Singapore.

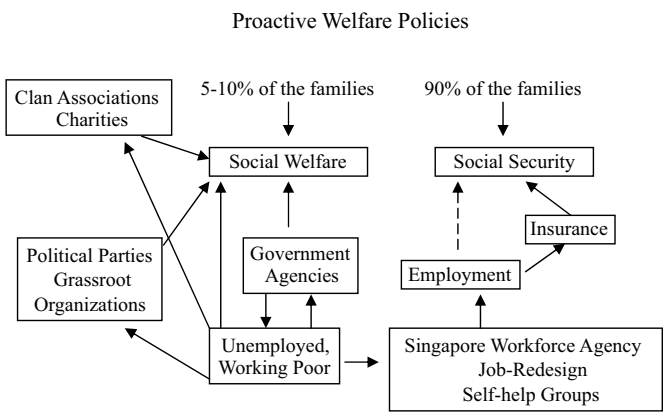
the number of unemployed can be attributed to the CPF scheme, wage cost management, wage restructuring, the SDF scheme, and the effort to promote job redesign.

Social Safety Nets

It is obvious that Singapore's way of providing social security in terms of home ownership, financing for old age, and access to health care facility

depends on employment. Figure 9.4 summarizes this approach. Yet those who are gainfully employed in Singapore may not always attain the three forms of social security because of mishaps such as accidents, long-term illness or, worse, death. Hence, social security goals can be secured only by buying insurance policies such as life insurance, medical insurance, etc. The skills of this group of Singaporeans are constantly upgraded by their employers via the Skills Development Fund. This self-reliant group constitutes about 90 per cent of Singapore's households. On the other hand, those who are earning less than $1,500 and those who are unemployed must seek help (17 per cent of CPF members earn less than $1,000 in 2006, and the number of unemployed was 64,200 in 2005 (see Tables 9.2 and 9.15). Of course, as mentioned before, the workfare programme is meant to help those who earn less than $1,500). Besides the workfare programme, they generally approach various government agencies for financial assistance. Alternatively, some may seek assistance from the clan associations and charities. Of course, many also approach their Members of Parliament (MPs) for financial assistance. Since 2006, various government ministries have taken initiatives to identify poor income households and offer timely assistance to them. For instance, the Ministry of Health has identified the following three groups of people

FIGURE 9.4
Social Safety Nets



Source: Authors' original work.

who may need financial assistance: Those who have unpaid medical bills from government hospitals, those whose CPF balances are close to zero, and those who do not have employers.

Singapore's way of providing safety nets is to offer training assistance to those who earn less and those who are unemployed so they become self-reliant through the SWDA, job redesign and self-help bodies. Singapore's healthy financial situation lies in the fact that 90 per cent of Singapore households are self-reliant and only about 10 per cent need financial assistance.

Conclusion

This chapter examines the recent developments in the labour market in Singapore. Singapore has been reluctant to use the social security scheme to reduce wage costs and, therefore, has been insistent on finding the right wage system. As a national training scheme, the Skills Development Fund (SDF) has been extremely effective. However, the SDF needs to find ways to encourage small and medium enterprises to train more workers under its scheme, although Singapore Workforce Development Agency (SWDA) is set up to fulfil that role. The job redesign scheme has been effective, but the number of jobs created has not been large enough to make an impact at the national level.

Generally Singapore faces two main problems in the labour market, namely unemployment and income distribution. Singapore has the will and the financial resources to solve the unemployment problem. The latest statistics show that the resident unemployment rate has been reduced from as high as 5.0 per cent in 2002 to 2.6 per cent in May 2007. Some of the unemployed may be voluntary. However, Singapore is less successful in coping with the income distribution issue as the income gap in Singapore has been rising, and at the same time, more low-skilled foreign workers are being brought in to work in Singapore and this has inadvertently kept the wages of low-income Singaporeans from rising. In this regard, the training programmes conducted by self-help bodies and the job-redesign programmes conducted by SWDA and NTUC can help to raise the earning ability of this group of people and, therefore, enable them to have more CPF savings for their old age.

In conclusion, the Singapore government seems to be able to cope with the adverse effects of globalization as the number of unemployed has been

lowered steadily. However, the challenge facing Singapore is to find ways to raise the pay of low-income Singaporeans. In other words, Singapore has solved the unemployment problem, but income distribution remains a major issue to be dealt with.

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10

FACING THE GERIATRIC WAVE IN INDONESIA Financial Conditions and Social Support

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A Geriatric Wave

Population ageing has been considered one of humanity's greatest triumphs and challenges, resulting from a success of various aspects of development such as public health, family planning, social transformation, as well as economic and political developments. Rapidly increasing longevity is certainly a great reward from development. On the other hand, longer-living older persons are more likely to be heavy users of health care and social services. Older persons are more likely to suffer from disability and long-term illnesses. Therefore, an improvement of the ageing policies has been a high priority in developed countries. In Australia, for instance, the number of older persons is rapidly increasing. In particular, the government of South Australia in 2006 initiated improvements to concession

arrangements that benefited older persons. "Healthy Ageing for All" is one of the government's commitments.[1]

As shown from a number of studies in developed countries (Lan 2001; Ory 2004; Lit 2006), an increasing number of older persons has increased demand for geriatric care needs and services, including medication and medical technology on the one hand, and geriatric care managers such as social workers, counsellors, nurses, gerontologists, or psychologists, and caregivers in the family on the other. In other words, an ageing population has generated a strong wave of geriatric patients, which produces great financial challenges for the family, community, and society to finance older persons.

Many countries in the world will experience increasingly ageing populations in the twenty-first century. They will face the geriatric wave, an entry of increasingly large cohorts of geriatric patients. Indonesia is not an exception. The number of Indonesian older persons will grow rapidly; while the number of those in the population under five years old will decline. In the late 1960s, Indonesia was still characterized by the norm of having "big families", with a high fertility rate of 5.61 per woman, and high infant mortality at 145 per 1,000 live births. Indonesia officially started its family planning programme in 1968.

This government integrated programme provided the widest possible coverage of basic health services through the adoption of the concept of the community health centre, Puskesmas. It supplies medical treatment, maternal and child health, family planning, communicable disease control, hygiene and sanitation, nutrition, health education, dental health, school health services, laboratory services, mental health, community health nursing, and documentation of health services performed at the centre. In 1972, a national immunization programme was established to control communicable diseases. Since then, coupled with the success of economic development, fertility and mortality rates have declined relatively very quickly. By the period of 1996–99, the fertility rate was already about 2.34, and infant mortality rate was about 46 per 1,000 live births. Entering the twenty-first century, the demographic transition approached its completion: the fertility rate reached 2.26 and infant mortality rate has been approaching the intermediate stage of epidemiological transition at 32 per 1,000 live births in 2001–04 (Badan Pusat Statistik 2006*a*).

The shift from high to low rates of fertility and mortality has changed the age structure of Indonesia's population. Population ageing, measured

by the percentage of population aged 60 and above to the total population, has increased and seems to be accelerating recently and will continue to increase rapidly in the next several decades (Table 10.1). However, the population of Indonesia today cannot yet be considered an old age-structure population yet as older persons only accounted for 7.90 per cent of the total population in 2006. The percentage was higher in rural areas (8.62 per cent) than in urban areas (6.96 per cent) (Badan Pusat Statistik 2007).

It is important to highlight that ageing issues in Indonesia and in other developing countries may be more complex than the ones in developed countries. Older persons (defined here as the population aged 60 and above) numbered 17.5 million in 2006, about four times the number of total population in Singapore, the oldest population in Southeast Asia. Nevertheless, the per capita income of Indonesia was only US$1,301.2, much smaller than that of Singapore, which was US$26,864.3 in 2005.[2] In other words, the problem of population ageing in Indonesia lies in the large number of older persons situated in a low-income majority. Furthermore, transportation and communications facilities have not been

TABLE 10.1
Changes in Number and Percentage of Older Persons: Indonesia, 1971–2025

Year	Older Population (in thousands)		Population Ageing (in percentages)		Annual Growth Rate (in percentages)	
	60 and above	75 and above	60 and above	75 and above	60 and above	75 and above
1971	5,307	787	4.48	0.66	4.56	7.35
1980	7,999	1,525	5.45	1.04	3.44	2.57
1990	11,278	1,972	6.29	1.10	2.47	3.20
2000	14,440	2,717	7.18	1.35	1.82	1.11
2005	15,815	2,871	7.25	1.32	3.71	6.15
2010	19,037	3,906	8.15	1.67	3.92	3.61
2015	23,160	4,679	9.35	1.89	4.49	3.07
2020	28,986	5,456	11.11	2.09	4.29	4.07
2025	35,916	6,689	13.15	2.45	—	—

Sources: Compiled and calculated from a number of publications by Biro Pusat Statistik (1975, 1983, 1992), Badan Pusat Statistik (2001 and 2006*b*). The projection for 2010–25 is based on Badan Perencanaan Pembangunan Nasional, Badan Pusat Statistik and United Nations Population Fund (2005).

well developed, and even further from being older-persons friendly, although several efforts have been made in some areas. Financial markets are just growing, but are not accessible for the majority of the population, let alone older persons. Given the relatively low per capita income and small state budget in the country, the pension is also very meagre and with limited coverage.

On the economic front, per capita income is projected to be US$18,000 by 2030,[3] which will still be below that of Singapore in 2005. Like many other countries, Indonesia has reached replacement fertility rate and its fertility will be declining in the next few decades, joining the group of below-replacement-fertility countries (Ananta, Arifin and Bakhtiar 2005). However, Indonesia is a very large country with approximately 218 million people in 2005, consisting of various ethnic groups inhabiting very diverse social and economic environments due to geographical, natural, and human resources differences. Therefore, it is not surprising that the stage of population ageing also varies across provinces and ethnic groups (Ananta, Anwar and Suzenti 1997; Suryadinata, Arifin and Ananta 2003; Ananta, Arifin and Bakhtiar 2005). Table 10.1 suggests that the number of older persons in Indonesia by 2030, when the last born of the Indonesian baby-boomer generation passes through their sixties, may approach 40 million, more than double the 2005 figure. If the Indonesian longevity of 73.7 years in 2025 is not accompanied by healthy life, a rapidly growing number of older persons will mean a much larger number of older persons suffering from both communicable and non-communicable diseases, as well as psychiatric problems, such as late-life anxiety disorders and dementia.

In other words, this geriatric wave implies an increasing financial burden of care due to age-related illnesses and disabilities. Indonesia is an example of a country facing the geriatric wave before becoming rich, in contrast to developed countries which face geriatric wave after being rich. Therefore, the increasing proportion and number of older persons in Indonesia are expected to result in an ageing workforce and a significant burden on financing issues, unless these are managed wisely from today.

This chapter specifically examines the financial condition of older persons, assessing to what extent older persons participated in the labour market, and in what industries and occupations they were involved. For older persons working in formal sectors, the chapter discusses how much they earned in comparison to what the overall labour force did and to their minimum standard of living. The chapter also examines pension and

intergenerational relationships by assessing the financial support of older persons. The economic vulnerability of older persons is discussed in terms of affordability for expenditure on food, non-food and health. Before discussing the issues on health conditions of older persons, it describes the social support and activities of older persons, which may be related to their health condition.

In the concluding remarks, the discussion on the role of older persons' activities in financing and supporting themselves is framed under the active ageing concept, with its aim of reducing the costs of servicing older persons and minimizing the burden on family, community, and government. The statistics for the chapter are compiled and calculated from several nationwide censuses/surveys as well as a small survey conducted by Indonesia National Commission for Older Persons (Komnas Lansia — Komisi Nasional Lanjut Usia) in 2006.[4]

Financial Condition

Employment of Older Workers

Several studies have found that older persons in developing countries seem to face more difficult financial situations than their counterparts in developed countries. Older persons in developing countries cannot rely on their pension or savings. In fact, they cannot even fully rely on their children or relatives' financial support. There isn't a universal pension scheme either as the scheme is still limited to certain groups. (Marianti 2003; Pang, de Brauw and Rozelle 2004). Therefore, remaining active in the labour market until old age is a common phenomenon for many older persons in developing countries such as Indonesia.

To what extent the Indonesian older persons is still actively involved in the labour market is the subject of discussion in this section. Even if they are active, what occupations are they working in and how much do they earn? Are they working long hours? The 2000 population census figures show a relatively high percentage (65.44 per cent) of the Indonesian older persons aged 60 and above who were economically active in the labour market, either as a worker or a job seeker. In terms of age differences, the labour force participation rate was 74.17 per cent for older persons aged 60 to 64, and 60.34 per cent for older persons aged 65 and above. Moreover, the labour force participation rate of the pre-elderly, those aged 55–59, was

much higher even (79.28 per cent) than those aged 60 and above (Badan Pusat Statistik 2001). Compared with the same figures in many developed countries, the labour force participation rate of Indonesian older persons was generally much higher.

Meanwhile, as in many other countries in Southeast Asia, urbanization in Indonesia has been progressing rapidly due to modernization, industrialization and rapid economic growth. The urbanization rate, measured by the percentage of population living in urban areas to the total population, increased from 22.3 per cent in 1980 to 42.4 per cent in 2000, and increased slightly to 43.2 per cent in 2005. The labour force participation of older persons has always been higher in rural areas than in urban areas. The rate declined from 72.75 per cent (rural areas) and 52.68 per cent (urban areas) in 2000 to 53.75 per cent (rural areas) and 41.80 per cent (urban areas) in 2006 (Badan Pusat Statistik 2001 and 2007).

Higher percentages of labour force participation may mean that older persons are so poor that they are forced to join the labour market, and/or there are more employment opportunities for older persons. Therefore, the relative ease of entering labour market and relatively poorer conditions in rural areas may explain the higher labour force participation rate in rural areas. At the same time, a higher labour force participation rate in rural than urban areas may also indicate the more affluent condition of the urban older persons. Still, the rate of older persons seeking a job in urban areas (1.0 per cent) was higher than those in rural areas (0.5 per cent) in 2000.

Indonesia has not been highly urbanized and the agricultural sector still plays an important role in providing employment opportunities for older persons. Overall, nearly 69.0 per cent of the working population aged 60 and above worked in the agricultural sector in 2000 (Badan Pusat Statistik 2001). Moreover, as shown in Table 10.2, 78.07 per cent of older persons in rural areas worked in the agricultural sector in 2006. In contrast to rural areas, as seen in Table 10.2, the majority of older workers in urban areas worked in the services sector and only about one third of them in the agricultural sector. Furthermore, the survey conducted by Komnas Lansia in 2006 found that many older persons worked as traders, with others as labourers, and farmers.

Older workers in the agricultural sector also had a low educational level, with 70.26 per cent of them never attending any school or never finishing elementary education. Those who worked in the industrial sector

were better educated, with only 61.39 per cent having the lowest educational attainment; and those in the services sector had the best educational composition, with only 50.56 per cent having at most some primary school attainment (Badan Pusat Statistik 2007).

The relatively more flexible labour market in rural areas may indicate the lower degree of formalization of the labour market among older persons. As shown in Table 10.3, in rural areas, only about 9.0 per cent of the older workers worked in the formal sector, comprising 4.26 per cent employers with regular employees, and 4.78 per cent regular employees. As expected, a higher percentage (about 20.0 per cent) of the older workers in urban areas worked in the formal sector — 6.70 per cent as employers with regular employees, and 14.56 per cent as regular employees.

Moreover, Table 10.3 also shows that the majority of the older persons worked independently with or without assistants. Yet, it is important to mention that a significant proportion (about 10.0 per cent) of older workers worked without payment. They were more likely to face a prospect of

TABLE 10.2
Main Industry of Working Older Persons: Indonesia, 2006

Main Industry	Urban	Rural	Total
Agriculture	32.81	78.07	64.28
Industry	13.79	7.98	9.75
Services	53.40	13.95	25.97
Total	100.00	100.00	100.00

Source: Badan Pusat Statistik (2007).

TABLE 10.3
Occupation of Working Older Persons: Indonesia, 2006

	Self-employed	Self-employed with temporary worker	Employer	Employee	Non-contractual worker	Unpaid Worker	Total
Urban	39.77	22.37	6.70	14.56	10.71	5.89	100.00
Rural	28.35	39.51	4.26	4.78	11.40	11.70	100.00
Urban + Rural	31.83	34.28	5.00	7.76	11.20	9.93	100.00

Source: Badan Pusat Statistik (2007).

living under poverty. Yet, the data on poverty is seldom disaggregated by age. The following discussion on the monthly net wage of working older persons may give a hint of their economic well-being, especially for the older persons working in formal sectors.

Table 10.4 provides the average monthly net wage in the formal sector only, particularly of employees. However, as previously discussed, the majority of the workers worked in the informal sector, and it is, therefore, difficult to assess the income of all working older persons. Yet, this table sheds some light on the economic well-being of older persons. As presented in this table, between 2002 and 2004, just like for younger workers, older workers experienced an increase in their monthly net wage, from about 350,000 rupiah in 2002, to 415,000 rupiah[5] in 2004, or from US$38 to US$45 per month for the respective year. In other words, the average older person's net wage was just above the one-dollar-a-day poverty line, but still below the two-dollar-a-day poverty line, which made them "the merely poor".

Yet, are they really "the merely poor"? For some, they are workers with pensions, thus their total income is higher and more likely to be above the poverty line. Some are without any other economic support, relying heavily on their salaries. However, we do not have detailed information on this.

As shown in Table 10.4, the net wage of older workers was lower than that of the overall workers. During the 2002–04, the figure fluctuated. It first rose and then declined. In 2004, the net wage of the older workers was nearly 60 per cent of the overall workers. In addition, the net wage of older employees was just similar to the net wage of the youngest employees — the beginners aged 15 to 19.

It is worth mentioning that the monthly net wage of older employees during that period was generally lower than the average minimum monthly wage. Ideally, the minimum wage provides sufficient purchasing power to enable an employee to meet the basic standard of living. However, as understood and acknowledged by the government of Indonesia, the minimum wage was insufficient to meet the standard of living.[6] What is worse, the minimum wage was set to be on average 10.0 per cent below that required for the minimum standard of living.[7] Clearly, the monthly net wage of older employees was not sufficient for a decent life, especially if they lived without any other financial support.

The minimum wage was raised by about 10.0 per cent to 15.0 per cent in 2006, and, therefore, the minimum wage for the older workers was also raised. However, because the minimum wage of older workers was still

TABLE 10.4
Monthly Net Wage of Working Older Persons in Comparison with Other Age Groups and Minimum Wage: Indonesia, 2002–2004

Selected Age groups	Monthly Net Wage (in IDR)			Monthly Net Wage (in US$)*		
	2002	2003	2004	2002	2003	2004
15–19	332,909	393,458	413,810	36	43	45
55–59	606,587	663,251	814,952	66	72	89
60 and above	348,870	402,734	415,137	38	44	45
Overall (15 and above)	599,769	678,653	729,516	65	74	79
Minimum salary	362,743	414,715	476,932	39	45	52
Minimum standard of living	416,886	478,417	500,763	45	52	54
Ratio of Elderly to Beginner wages	1.05	1.02	1.00	—	—	—
Ratio of Elderly and Pre-elderly wages	0.58	0.61	0.51	—	—	—
Ratio of Elderly wage to the Overall wage	0.58	0.59	0.57	—	—	—
Ratio of Elderly wage to the minimum standard of living	0.84	0.84	0.83			

Note: * US$1 = 9,200 IDR
Source: Compiled and Calculated from Badan Pusat Statistik (2005).

below the overall minimum wage, older workers could still not rely on wage alone to have a decent life.

The next question to study is how long do older persons need to work in a week in order to have work-life balance? A study by Cameron and Cobb-Clark (2005), based on the 1993 Indonesian Family Life Survey, provided information about the normal weekly hours of work of older persons. Their findings indicated that female older persons worked on average fewer hours than the men. The women worked on average about half the hours worked by men. Living arrangements of older persons seem to affect their working hours. Furthermore, Cameron and Cobb-Clark's finding revealed that male older persons who did not live with one or more of their children normally worked an average of thirty-four hours each week, slightly more than co-residing male older persons who work thirty hours on average. Among female older persons, co-residing women worked on average 13.4 hours per week, and non-co-residing women, 17.6 hours per week.

A more recent data set shows that older persons worked long hours, especially in urban areas. In 2006 the majority (57.81 per cent) of urban older workers worked more than thirty-five hours a week, which is more than the "normal" working hours per week. In rural areas, only 39.16 per cent worked more than thirty-five hours a week and the majority (42.30 per cent) worked between fifteen to thirty-four hours a week. However, we can still say that the percentage of older persons working more than thirty-five hours a week is relatively high, regardless of their place of residence (urban or rural residences). There was a significant gender difference on the length of working hours. More male older persons (48.54 per cent) worked thirty-five hours than female older persons (37.19 per cent) (Badan Pusat Statistik 2007).

In summary, Indonesian older persons face serious economic hardships. Current Indonesian older persons have had to face various obstacles: social, economic, and political obstacles. One reason is that Indonesian older persons have low educational attainment, with about two-thirds (66.30 per cent) having, at most, elementary education. Furthermore, 35.87 per cent of the older persons are illiterate. The illiteracy rate is higher among female older persons (47.77 per cent), compared with male older persons (22.76 per cent) (Badan Pusat Statistik 2007). Low education may further result in unfavourable economic conditions and health status.

Furthermore, most of the current older persons were born at the time when people were fighting for independence from the Dutch; they were the Indonesian pre-baby-boomer generation. When they were young adults, after Indonesia achieved independence in 1945, a number of riots and violence continued which might have interrupted the education of some. This unstable situation, plus their low-education and having low-income parents, have resulted in more economic hardships for them.

Other Financial Support

As mentioned earlier, many older persons in Indonesia remained active in the labour market with low wages. They may also receive other financial support such as pension and other social security. However, pension schemes and formal social security in Indonesia are very limited in scope and type. The government has a pension system, which only applies to those working for government institutions as civil servants, army and police members. This system has very limited coverage because civil servants do not constitute the majority of the workers in Indonesia. The

contribution of civil servants to the total employment has even been declining over time, from 11.6 per cent in 2002 to 11.1 per cent in 2003, and 10.7 per cent in 2004 (Badan Pusat Statistik 2005).[8]

The government also has a mandatory social security programme under the name Jamsostek (Jaminan Sosial Tenaga Kerja, or Workers Social Security), which provides pensions among other things. It is meant to cover all workers in formal sectors, who are working for companies with at least ten employees, or a monthly payroll of more than 1 million rupiah. A voluntary, employer-sponsored pension scheme is mainly found in public enterprises.

Because of the limited coverage of the pension system, it is not surprising that only very few older persons depend their income mainly on a pension for their income. The 2005 Intercensal Population Survey, the first nationwide population survey covering and gathering information on socio-economic-demographic conditions of older persons, revealed that nearly 10.0 per cent of older persons relied on pension as their main source of income in the past six months. A much larger percentage (38.2 per cent) of older persons obtained their main income from employment.

What emerges from the 2006 survey by Komnas Lansia (2006) is that only a very small percentage, 3.91 per cent, of older persons fully relied on a monthly pension fund. Nevertheless, older persons may need to have additional financial support, including working, to their pension. Indeed, the number of pensioners becomes larger when considering working pensioners, that is, those who were still working while receiving pension. They formed 18.35 per cent of employed older persons in the sample. In other words, 14.44 per cent of older persons were actively working pensioners.

It is not clear, however, why these persons still worked though they received a pension. Probably the pension was too small and they had the ability and opportunity to work after retirement. Miranti (2003) found that the pensioners who fully depended on their pension money often tended to be very old and have health problems.

Given the limited pension scheme, it becomes very rare to find a significant number of pensioners living in rural areas. This rareness in its turn may symbolize a certain economic status for the recipients of the pension in their society. In this sense, the pension for civil servants in Indonesia may not be too small for those who retire in small towns or rural areas.

As an illustration, Agus (not his real name), a retired civil servant previously earning a grade 4-A level salary, currently receives about 1.5 million rupiah or about USD$160.0 a month. With all their children already grown up and independent, he and his wife live comfortably in a small town. He already has a house. His monthly pension is higher than the average minimum wage discussed in the previous section.

This story is consistent with the fact found in Miranti (2003), who focused her study on a small number of pensioned widows living in the city of Malang, East Java, Indonesia.[9] She found that generally pensioners were better off and had higher purchasing power than non-pensioners. She also found that the sum of money for widows was not much, but the pension was a stable source of income. Another study (Schroder-Butterfill 2003) reported that a recipient of the pension could give some of the money to other family members.

Furthermore, Table 10.5 shows the dominant role of children or children-in-law in financing older parents. Nearly 40.0 per cent of older persons reported that their main source of income were transfers from their children/children-in-law. The financial dependence on their children/children-in-law was more obvious among female older persons, about half of whom depended mainly on their children/children-in-law, in contrast to merely just under 30.0 per cent among male older persons.

Table 10.5 also shows that a much smaller percentage of older persons obtained their main income from their spouses. Only about 3.0 per cent of male older persons depended on their wives financially, in contrast to about 13.68 per cent of female older persons relying financially on their

TABLE 10.5
Older Persons' Main Source of Income in the Last Six Months: Indonesia, 2005

	Work/ Business	Pension/ Social Security	Children/ Children-in-Law	Spouse	Others	Total
Indonesia	38.19	9.84	39.55	8.40	4.02	100.00
Male	53.07	12.71	28.62	2.99	2.61	100.00
Female	23.67	7.03	50.22	13.68	5.40	100.00

Source: Compiled and calculated from Badan Pusat Statistik (2006*b*).

husbands. The gender differential may be because male older persons were more likely to be breadwinners than female older persons. The difference is also possibly due to the higher likelihood of widowhood among female older persons than among male older persons.

A similar pattern of financial support from children or children-in-law was found in the survey conducted by the Komnas Lansia in 2006. This support may indicate the extent of intergenerational solidarity in the society — that intergenerational flow from the younger generation to older persons was still maintained. The advice of "*Hemat Pangkal Kaya*", or "Thrifty, to be rich" in English, is often passed from parents to their children in Indonesia. This advice implies that the young ones have to work hard in order to maintain or improve their standard of living as they age. Or, perhaps, it also serves as a reminder for the young ones to provide financial help for their older parents later on. The fact that financial contributions largely come from immediate family members such as children, children-in-law, and grandchildren, may indicate the sustained prevalence of the norm of "*hormat*" (respect) for older persons.

There is no significantly different pattern between rural and urban areas. Sons contribute more than daughters, though the difference is not large. The difference between a son's and daughter's contribution is larger in rural areas, and very small in urban areas. Sons contribute more in rural areas than in urban areas, but children-in-law contribute more in urban than rural areas (Komnas Lansia 2006).Therefore, as in most Asian countries, the family has also been the traditional pillar of support for older persons in Indonesia. The limitations of its social security systems have resulted in the need for a large responsibility from the family with regard to financial support for older persons. This finding is also similar to other studies (Kreager and Schroeder-Butterfill 2003; Handajani 2006).

Among other sources of income, savings and insurance have not been attractive means for financing the golden years because people still do not trust the benefits from savings and insurance as inflation is still relatively high in Indonesia. In the history of the Indonesian economy, an inflation rate of 6.0 per cent is already considered very low. For example, the year-to-year inflation rate was 6.0 per cent in June 2007, and 11.0 per cent in June 2008. The not-so-important role of savings and insurance in financing of older persons was also found in the survey by Komnas Lansia.

Therefore, it is possible that older persons worked because they need more money and they have the ability and opportunity to do so. In short, participation in the labour market during retirement and family financial

transfers can be considered as the important forms of old age financial support. However, a higher labour force participation rate than working for money/doing business as the main source of income may indicate that working is leisure for older persons, or perhaps that they have difficulty in finding paid jobs.

Older persons receive financial help from the family, with a larger number of recipients in rural rather than urban areas. Besides seeking financial help, older persons also need "non-financial" help. More non-financial help is also likely to be given in rural than in urban areas. The economic setting of urban areas may account for the larger percentage of financial contribution than contributions in kind in urban areas. Most of the contributions in kind are in the form of food, followed by clothes, provision of shelter, medicine, and transportation.

Table 10.6 shows that, in 2003, 18.4 per cent of all older persons in Indonesia belonged in the top 20.0 per cent of the nation's economic strata while less than half of them belonged in the bottom 40.0 per cent. Table 10.6 also indicates an economic improvement by 2006 as the percentage of older persons in the top 20.0 per cent of the nation's economic strata had increased to 23.2 per cent, while those at the bottom 40.0 per cent had declined to 36.3 per cent.

In addition to the existing pension scheme, efforts have been made to improve older persons' well-being through the enactment of the policy on older persons' well being as stated in Indonesia's Law Number 13, Year 1998, on Older Persons Welfare. It states that healthy and productive older persons who can still use their wisdom and experience for themselves and to give to their social economy should be able to support themselves. On the other hand, older persons who are dependent, sick, and non-productive

TABLE 10.6
The Economic Strata of the Older Persons' Household: Indonesia, 2003 and 2006

Economic Strata	2003	2006
40% of the bottom	42.14	36.30
40% of the middle	39.46	40.47
20% of the top	18.40	23.23
Total	100.00	100.00

Source: Compiled and calculated from Badan Pusat Statistik (2004 and 2007).

have to be protected and adequately cared for by the public (Departemen Sosial 2004). The policy on older persons' well-being is also mentioned in Indonesia's National Plan of Action for Older Persons Welfare Guidelines. There are seven strategic steps that have been formulated to improve the welfare of older persons, including strengthening institutions, coordination, management, family and community, reinforcing health services, increasing older persons' quality of life, and increasing availability of facilities (RI Department of Social Affairs 2003). However, these policies have not been implemented in some related institutions.

One way to assess the economic well-being of older persons is through the examination of their economic vulnerability. This vulnerability is assessed through the available information gathered from a series of National Socio-economic Survey (Badan Pusat Statistik 2007). The variable on economic vulnerability is defined and built from seven questions which asked whether the older person, at most, attended some primary school only (including never attended primary school), consumes main staple food less than fourteen times a week, consumes high protein less than four times for non-dairy protein, or less than twice for dairy products, owns less than four sets of clothes, does not own a permanent place to sleep in,[10] does not seek medication when ill, and works more than 35 hours per week. Three categories of older persons are identified and classified: the "vulnerable" — those who cannot or have not been able to satisfy their minimum needs to have a decent life (giving three or more "Yes" answers to the above questions); the "almost vulnerable" — those who have the potential to be unfortunate (giving only two "Yes" answers); and the "not vulnerable" — those who meet one criterion only (giving only one "Yes" answer).

As shown in Table 10.7, more than half of older persons were not economically vulnerable during 2003–06. Within this period there was not any significant economic improvement, only a slight increase in the percentage of those in the "not vulnerable" group. The increase within this period was most likely due to the improvement among some of the "almost vulnerable" group from the earlier years. Yet, the fact that more than 40.0 per cent of the older workers were either "almost vulnerable" or "vulnerable" should receive serious attention from the state, family, community, and political leaders. Those in the "almost vulnerable" group can easily slip into the "vulnerable" group as the rising prices of goods and services can easily affect their food consumption and health patterns.

TABLE 10.7
Economic Vulnerability of Older Persons: Indonesia, 2003 and 2006

Year	Vulnerability			Total
	Not Vulnerable	Almost Vulnerable	Vulnerable	
2003	56.20	28.80	15.00	100.00
2006	58.09	26.63	15.28	100.00

Source: Compiled and calculated from Badan Pusat Statistik (2004 and 2007).

Keeping Older Persons Active Socially

Older persons in Indonesia are encouraged to involve themselves actively in many social activities. Active social life among older persons should be maintained as part of the empowerment of older persons, clearly stated in Article 9 of the Law No. 13/1998 on "The Well-being of Older Persons". The article stipulates that empowering older persons is aimed at making them able to perform social functions and have active roles in the community, nation, and state (Departemen Sosial Republik Indonesia 2004).

From the statistics in a series of the National Social-economic Surveys, such as those conducted in 2003 and 2006, we find that older persons then were still very active in social activities, with 69.41 per cent having participated in social activities in the three months before the survey. Male older persons participated more (75.76 per cent) than female older persons (63.57 per cent). Furthermore, the statistics also show that older persons have become more active in social activities, with participation rates rising from only 51.81 per cent in 2003 (Badan Pusat Statistik 2007).

Additionally, the survey conducted by Komnas Lansia in 2006 reveals that a high percentage of older persons aged 60 and above went out for social activities in the last three months before the survey. Many visited friends and relatives, and only a few went to an older persons' club. In other words, they were generally not confined to their houses. The relatively low percentage of those attending older persons' clubs is most likely due to the limited existence of older persons' clubs in Indonesia. They are mainly available in big cities. In fact, some provinces do not even have any older persons' club.

However, Karang Wreda Jawa Timur (2006) has shown some initiatives to establish older persons' clubs to facilitate the organization of social

activities for older persons. Posbindu Lansia ("older persons' club") and Karang Wreda ("welfare centre for older persons") in both urban and rural areas of East Java are two examples of older persons' clubs and nursing homes. Physical activities, recreation, and medical check up are some of the regular programmes provided by such institutions.

The togetherness with other people is reflected in the large percentage of those visiting friends and relatives to maintain good relationship, the so-called *silaturahmi*. *Silaturahmi* is an important Indonesian norm, and it may be one means to make older persons remain active. This strong *silaturahmi* tradition may also have diminished the need to create special older persons' clubs.

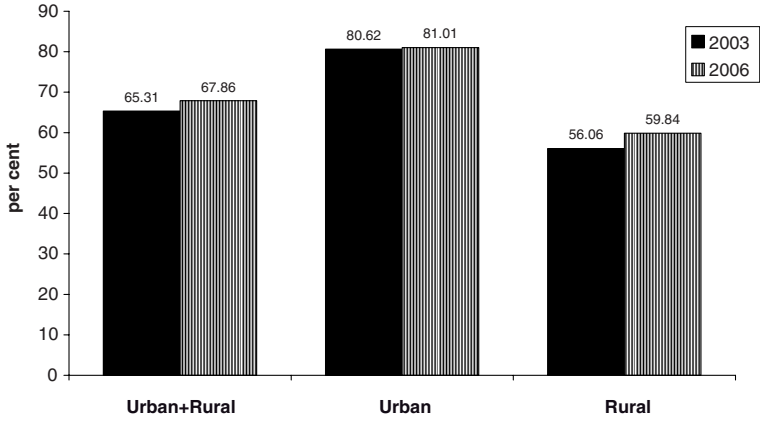
The survey by Komnas Lansia also indicated that a relatively large percentage (64.9 per cent) of older persons spent time with others by praying in a congregation (*shalat jamaah*). Rahardjo (2005) also produced similar findings with the 100 older persons she studied in South Jakarta who were still active in their daily living and community life. Of moderate health, they shared their expertise and experience with the community.

Older persons were also actively involved in household activities. About 40.0 per cent of the older persons took care of their grandchildren. They were also active in taking care of household chores, with about 49.0 per cent of urban older persons doing the cooking; and about 36.0 per cent of the rural older persons doing so. They cleaned their house (about 68.0 per cent in urban areas and 51.0 per cent in rural areas), and did gardening (about 6.0 in urban areas and 20.0 per cent in rural areas) (Komnas Lansia 2006). The low percentage of gardening in urban areas may also reflect the limited availability of land for gardening.

Besides taking part in social activities, older persons watched television, listened to the radio and/or read newspapers. As shown in Figure 10.1, urban older persons were more likely to watch TV programmes than their rural counterpart. This may partly reflect that a higher percentage (85.0 per cent) of urban households owned TVs, compared with only 58.4 per cent among rural households. Another possibility is that rural older persons may find some other activities, besides watching TV, suitable for them. Yet, in both urban and rural areas, the percentage of older person watching TVs has increased over time.

Meanwhile, listening to the radio was not as common as watching television. Around one-third of the older persons listened to it. It seems listening to the radio has become less enjoyable as the percentage of older persons doing it has declined from 36.4 per cent in 2003 to 29.6 per cent in 2006 (Badan Pusat Statistik 2007).

FIGURE 10.1
Older Persons Watching TV: Indonesia, 2003 and 2006



Source: Compiled and calculated from Badan Pusat Statistik (2007).

A much smaller percentage of older persons spent their time reading newspaper compared with those watching television or listening to the radio. Only one in ten older persons read newspapers in 2006, and there is a significant difference between male and female older persons, with 14.8 per cent for men compared with 4.4 per cent for women. Reading other printed media such as magazines, fiction books, and non-fiction books was not very popular (Table 10.8). This may be a reflection of the low education of those surveyed and the existence of eye impairment or vision problems.

Eye impairment may not have been too serious as a high percentage of older persons still watched TV. However, further studies on eye-related problems among Indonesian elderly should be done as a study by Shahar, Earland, and Rahman (2001) found that difficulties in seeing, as well as hearing, were most commonly observed among older persons in Mersing district, a rural area in the East Coast of Malaysia.

Advancing Health and Well-being into Old Age

Healthy behaviour is important at all stages of a life course. Engaging in appropriate physical activities, eating healthily, not smoking, using medication wisely, and having regular medical check-ups can prevent the emergence of disease and functional decline and thus enhance the quality

TABLE 10.8
Reading Activities among Older Persons: Indonesia, 2006

	Newspapers	Magazines	Fiction	Non-fiction Books
Urban + Rural				
Male + Female	9.36	2.58	0.40	2.45
Male	14.76	3.04	0.55	3.63
Female	4.40	2.16	0.27	1.37
Urban				
Male + Female	19.95	5.66	0.58	3.44
Male	29.32	6.20	0.71	5.14
Female	9.96	5.15	0.46	1.86
Rural				
Male + Female	3.33	0.70	0.29	1.85
Male	5.85	1.10	0.44	2.70
Female	1.02	0.33	0.14	1.07

Source: Badan Pusat Statistik (2007).

of life. This is more cost-effective than having curative or rehabilitative treatment. The Komnas Lansia survey in 2006 found that 30.0 per cent of older persons participated regularly in physical activities, 77.0 per cent ate healthily, 81.0 per cent did not smoke, and 27.0 per cent had a medical check-up regularly.

Trihandini (2007) showed that there has been a positive trend in healthy behaviour over time. In the 1993 Indonesian Family Life Survey, 9.1 per cent of older persons had regular medical check-ups. This increased to 9.5 per cent and 10.0 per cent in the 1997 and 2000 Indonesian Family Life Survey, respectively. She also concluded that there was a significant positive correlation between the regularity of going for medical check-ups and daily physical activities among older persons. The physical activities, which included exercises, social activities through family gatherings, and spiritual activities through praying together, positively influenced their health.

In terms of their state of health, the majority (81 per cent) stated that they felt healthy in the past six months. On the other hand, even though most of the older persons reported a good health status and a good ADL score (70 per cent), they also mentioned that they were suffering from

chronic diseases (74 per cent) (Komnas Lansia 2006). Self-perceived health and psychological complaints due to acute/chronic illnesses, accident, crimes or other causes, were also gathered through National Social-economic Surveys conducted by Badan Pusat Statistik (2007). More than half the older persons in 2006 complained of perceived health problems and there was no gender difference in health complaints. These complaints may not necessarily be followed by interrupted daily activities. There had been an indication of worsening health condition among those surveyed as there was an increase in the percentage of older persons perceiving health problems during the one month before the survey, from 46.40 per cent in 2003, to 51.36 per cent in 2006. Moreover, the morbidity rate, which measures sickness that disturbs daily activities, supported the above indication of worsening health condition. The morbidity rate rose from 28.67 per cent in 2003 to 33.17 per cent in 2006 (Badan Pusat Statistik 2007).

Badan Pusat Statistik (2007) further showed that the main type of health complaints related more to communicable diseases such as coughing (46.58 per cent), colds (30.23 per cent), and fever (21.30 per cent) and less on health problems such as toothaches (4.16 per cent). The pattern of the type of complaints was the same whether the older persons lived in urban or rural areas, and whether they were men or women. In general, the male and urban older persons were less likely to report complaints on health compared with the female and rural older persons.

Table 10.9 provides information on sick days, that disturbed daily activities. About a quarter of the older persons were sick for more than seven days. Perhaps, they suffered from more "serious" diseases, including non-communicable diseases. Indeed, other studies (Koesoebjono and

TABLE 10.9
Duration of Illness by Types of Residence: Indonesia, 2006

Duration (in days)	Urban	Rural	Urban + Rural
1–3	38.55	33.90	35.57
4–7	37.35	39.27	38.58
8–14	8.36	9.49	9.10
15–21	4.05	5.31	4.85
22–30	11.69	12.03	11.90
Total	100.00	100.00	100.00

Source: Badan Pusat Statistik (2007).

Sarwono 2003; Rahardjo et al. 2007) confirmed this possibility. The Komnas Lansia survey found that the most common non-communicable diseases among older persons include hypertension, arthritis, ulcers, back pain, anaemia, and diabetes. A longer period of being sick may also mean a higher expenditure for recovery.

The cases of dementia are also alarming. The number of persons with dementia in Indonesia is projected to increase from 606,100 in 2005 to 1,016,800 in 2020. Meanwhile, the number of new cases of dementia is also projected to increase from 191,400 in 2005 to 314,100 in 2020 (Access Economics 2006). Age is one of the important risk factors in the development of dementia: as people get older, the probability of their getting dementia symptoms is higher. However, this study has not provided the age profile of persons with dementia.

If we assume that those with dementia were older persons, then the 606,100 older persons with dementia formed about 3.5 per cent of the total number of older persons in 2005. It is an alarming percentage as older persons were more likely to live with limited financial support.[11]

There are many factors that may affect the development of chronic conditions such as dementia. Among other important findings, the preliminary results of a study conducted in Citengah (Sumedang, West Java), West, and Central Jakarta in 2006 indicate that social and mental activities can have a positive impact on the prevention of chronic condition such as dementia. These activities include reading, watching TV, talking to others, going to social gatherings, praying together, and participating in community activities. Therefore, among other important factors, maintaining the social activities of older persons may contribute significantly towards advancing the health of older persons and indirectly reducing the burden of financing old age.[12]

To advance the health and well-being of a person into old age, as discussed in Rahardjo (2007), a number of efforts have been carried out by communities on both a regular and sporadic basis although the programmes are still unstructured and mainly based on community participation. As a result, the Ministry of Health has been committed to the prevention and treatment of health problems, among the middle and old aged and the promotion of good health among them. However, there has been no visible output from this policy. There were only a few initiatives to promote the livelong health and welfare of older persons. Worse, four provinces did not even have such a programme. Moreover, there was no specific

policy in mental health of older persons. At the moment, mental health needs of older persons are accommodated through general mental health facilities such as those at hospitals, clinics or nursing homes.

On the other hand, Rahardjo also mentioned that there have been some progress at the community level. There were already many older persons' health centres, older persons' special counters, and older persons' free medication for those aged 80 years and over. There was an improvement in aged-friendly services. Furthermore, training of care providers and health professionals has been carried out in both nursing and non-nursing homes. It was a pilot project with assistance from HelpAge Korea/ASEAN. However, training aimed specifically at older persons' caregivers is still rare. Training in gerontology and geriatrics for health providers have not been carried out regularly.

Concluding Remarks

The geriatric wave — flow of increasingly large cohorts with geriatric needs — will be one of the greatest financial challenges in Indonesia. Indonesians live longer. The number and percentage of older persons has risen and will rapidly rise. Concurrently, the percentage of younger persons has declined and will continue to decline. Accompanying this demographic trend, the number and percentage of self-perceived health complaints as well as morbidity rate among older persons have also been on the rise and may continue rising. How is the country to finance this increasingly larger number of older persons with rising health complaints and morbidity rate?

Indonesia is not a rich country. Therefore, older persons in Indonesia cannot simply rely on a public pension and other existing financial schemes to support their old age. Because of limited old-age income security from the government, most older persons in Indonesia have to turn to employment, private savings, and/or private transfers from family and friends. However, it can be noted here that government programmes on welfare and support for older persons have been established and implemented in at least ten provinces throughout the country. The programmes are strongly supported by the Law No. 13/1998 on the well-being of older persons.

One way to meet the rising cost of living of older persons is to increase their financial support. We can raise this financial support by widening

the coverage of their pension (state or private) scheme, providing more employment opportunities for older workers, encouraging savings and promising higher interest, renting the properties they own, and/or helping them enjoy profits from owning businesses. It is important to note that in Indonesia, health insurance is not popular yet. In future, health and social services need to be integrated, coordinated, and made more cost-effective, because health and welfare are interrelated in terms of human well-being. For example, promoting healthy behaviour will be more cost-effective if the promotion is conducted using a cross-institutional approach.

Another way of helping older persons is to reduce their financial needs. Active ageing, which makes older persons healthier, is one of the means to reduce the financial burden on the family, community, and the government. More importantly, active ageing itself can be one of the objectives of development, and it can be more important than a reduction of the expenditure itself.

The World Health Organization (WHO) promoted the word "active ageing" in the late 1990s. Active ageing is more than healthy ageing. It is the recognition of the human rights of older persons and the United Nations Principles of independence, participation, dignity, care, and self-fulfilment. It is a process to optimize the opportunities for health, participation, and security to obtain an enhanced quality of life for older persons. All older persons, including retirees, the sick, and disabled, can contribute to active ageing, by contributing to families, friends, communities, and nations. The key goal of any policy on active ageing is to maintain the autonomy and independence of older persons. Interdependence and intergenerational solidarity is, therefore, very important in a society with active ageing (WHO 2002).

WHO also argues that active ageing refers to the continuing participation of older persons in social, economic, cultural, spiritual, and civil affairs, not just their ability to be physically active and/or to participate in the labour force. There are three aspects of the economic environment that have a significant effect on active ageing: income, work, and social protection. However, other determinants such as health and social services, as well as behavioural, personal, physical, and social determinants also influence the quality of life among older persons.

In other words, an older person's financial condition is only one aspect of active ageing. Low financial support should not necessarily result in "inactive ageing". Rather, ways must be created to produce healthy and happy older workers. In turn, these older workers will become productive

workers, reducing the financial burden on the family, community, and state. At the same time, efforts should also be made to create fiscally and culturally sustainable financial support for older persons, which are integrated with the provision of other social safety nets for the population in general, and the vulnerable groups in particular.

Specifically, we recommend the following older persons related policies. One, promote a healthy lifestyle for the whole population, regardless of age. Producing healthy older persons starts from a young age. Second, invest in public goods such as age-friendly physical environment. This environment can improve accessibility for older persons and help them to participate in family and community life. Third, create "non-economic" activities for older persons, including both household and communities activities. Fourth, establish employment opportunities that can optimize the availability of the older persons, given their skills and health. Related to this policy is the abolition of negative stereotype about older persons and age discrimination in the workplace. Fifth, actively disseminate older persons related research results to the wider community and policymakers. Sixth, conduct further and deeper research on ageing that will result in more effective policies in producing productive, healthy, and happy older persons and the society as a whole.

Finally, and hopefully, the discussion in this chapter can provide more information for the government of Indonesia to implement its policies and programmes to enhance the well-being of older persons who live in a very large country with hundreds of ethnic group, a wide range of social, economic, and geographic conditions and diverse natural and human resources.

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Notes

1. See, for an example, Office of the Ageing, *Improving with Age. Our Ageing Plan for South Australia. Making a Difference to the Lives of Older South Australian* (Adelaide: Office of the Ageing, Government of South Australia, 2007).

2. "Macroeconomic Indicators. Gross Domestic Product per Capita in ASEAN, at Current Prices (nominal), in US dollars". Table 7. <http://www.aseansec.org/18135.htm> (accessed 12 May 2008).
3. Suryohadiprojo Sayidiman, "Manusia Indonesia untuk Visi 2030", in *Sinar Harapan*, 3 April 2007. <http://www.sinarharapan.co.id/berita/0704/03/opi01.html> (accessed 14 May 2008).
4. The Komnas Lansia survey gathered information from a sample of 1,701 respondents aged 60 and above, scattered within the thirty-three provinces in Indonesia. It was a purposive sample, in which the selected respondents were all involved in the Social Welfare Programme across the provinces. The data collection technique was a standardized structural questionnaire, which was based on a questionnaire developed by Handajani (2006) and Abikusno (2006). It provides information on the existing financial condition among older persons, represented by their activity in the family and community, as well as the traditional and governmental financial support systems.
5. Calculated at the 2002 price, the net wage of the older persons in 2004 was actually only 370,000 in 2004, which was still higher than the 350,000 in 2002. The Consumer Price Index/CPI was 104.44 in 2002 and increased to 116.86 in 2004 (Bank Indonesia, 2007).
6. *Jakarta Post*, "Minimum Wage Upped 10 per cent in Jakarta", 7 November 2006.
7. <http://www.indonesiamatters.com/1509/minimum-wage/> (accessed 21 May 2008).
8. These percentages were cited and calculated from Tables 1.1 to 1.3 on the number of employees collected in the annual National Labour Force Surveys from 2002 to 2004; and from Table 1.16 for the number of working civil servants for the same period. The number of employees was 33,123,320 in 2002; 32,042,938 in 2003; and 33,642,313 in 2004, while the number of working civil servants was 3,832,086 in 2002; 3,541,961 in 2003; and 3,585,198 in 2004 (Badan Pusat Statistik 2005).
9. The information gathered in Miranti's study was based on 111 respondents, with one-third of them being pensioners (Miranti 2003). Most pensioner-widows were entitled to the pension scheme because they were married to civil servants or army members, or they themselves were part of the civil service.
10. "Does not own permanent place to sleep" is literally translated from "*Tidak mempunyai tempat tetap untuk tidur*". However, it is not really clear on what basis this is being measured. This may measure whether the older person does not have a house, does have a house but does not have a bed, or always moves from one place to another.
11. In 2002, the prevalence of dementia among American older persons aged 71 and above was about 13.9 per cent, comprising about 3.4 million older persons. The prevalence of dementia increases with age, from 5.0 per cent among

population aged 71–79, to 37.4 per cent among those 90 years and above (Plassman et al. 2007). Therefore, 3.5 per cent among the population aged 60 and above was an alarming figure, particularly for those living in much lower income communities relative to their counterparts in the United States.

12. This preliminary study was conducted in Citengah, Sumedang, West Java, a rural area, and in West and Central Jakarta, both urban areas. The study collected information from 313 cases. Possible dementia was measured using the Mini-Mental Status Examination (MMSE) to measure global cognitive function with a cut-off score of 24.5. The results show that there is a significant difference between older persons in urban and rural areas ($p<0.0001$) in experiencing possible dementia. The possible dementia among older persons in rural areas seemed to be higher compared with older persons in urban areas. There were also associations between age ($p<0.0001$) and education ($p<0.0001$) with global cognitive function. Mental and social activities also had significant associations with possible dementia: reading ($p<0.0001$), watching TV ($p<0.0001$), talking with others ($p<0.0001$), going to social gatherings ($p<0.0001$), praying together ($p<0.0001$) and participating in community activities ($p<0.0001$). A more detailed discussion is found in Rahardjo et al. (2007*b*).

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PART IV

Ageing, Migration, and Development

11

THE NEXUS OF AGEING AND MIGRATION IN SINGAPORE

Kalyani K. Mehta

Numerous scholars have studied the demographic ageing process of countries in Southeast Asia (Hermalin 2002; Knodel 2005; Teo et al. 2006; Mehta 2006; Kreager and Schroder-Butterfill 2004; Liu and Kendig 2000; Yoon and Hendricks 2006), but very few have examined the nexus of migration and ageing in these countries. While in some of these countries the rate of internal and international migration has been prominent such as from rural to urban areas, for example, in the Philippines, Indonesia and Thailand, in other countries, in-migration of a permanent kind has been distinguishable, for example, Singapore, is a largely migrant society. Malays are recognized as the original settlers here while Chinese, Indians, and other ethnic groups are viewed as immigrants. However, over the centuries the immigrants have settled and called Singapore their "home". History books have delineated the various waves of immigration into Singapore (see Chew and Lee 1991). British colonial rule in Singapore contributed to large numbers of Indians from South India being "imported" as indentured labourers. Initially, these immigrants dreamt of returning to their homelands, but over time, the different cohorts of immigrants settled

and accepted the host country and became citizens. Some literature exists on the history and development of similar North Indian communities in Singapore, such as the Hindustani community (Lal 2006; Rai 2004).

In recent years, transmigration trends have been studied by many scholars in developed and developing countries. Lorente et al. (2005) have examined the trends in the Singapore context and their implications. Labour migration has become a popular subject of study and there are many implications for the country of origin as well as the host country. Legal and illegal immigrants are crossing national borders in search of better economic prospects. Apart from immigration problems, the families that are broken due to the out migration of a parent figure represent a social cost that is borne by spouses, parents, and children. In Singapore, there are approximately 150,000 foreign domestic helpers that support young and ageing families in looking after dependants (Ng 2005, p. 101).

Ageing Population in Singapore

A large proportion of the Singaporean ageing population consists of immigrants who reached the shores of Singapore in the early part of the twentieth century.

These reflect the first generation of immigrants who have lived in Singapore and grown old in the country they settled in. They belong to many different ethnic groups such as Indians, Indonesians, Chinese, Malays (from Malaysia), Sri Lankans, Pakistanis, and so on. They have brought along with them their cultural traditions, customs, religious beliefs, languages/dialects, and value systems. As they enter their golden years, they have to grapple with many issues and problems related to the fact of their migration and their decision to settle away from their homeland (see Mehta and Singh 2008).

Ageing is a process that has emotional, social, and relational dimensions that are often overlooked in the pragmatic emphasis on financial, and health perspectives. There are two types of seniors who have migrated into Singapore from overseas. The first type immigrated when they were younger, for example, as a youth or young adult for studies or work purposes. They continued to settle here and made Singapore their home. Another group, relatively smaller in proportion, are those who immigrated in their retirement years, joining their adult children who immigrated before them. The former group is familiar with the Singapore landscape and way of life, while the latter is "new" and, therefore, not as settled into

the Singapore lifestyle as the former. The latter would be more dependent on their family members for their physical, social, and emotional needs.

The Singapore government underscores the importance of the family as the first line of support for older persons in its national policy for older persons. Hence, financial support and care are deemed to be the filial responsibility of adult children and children-in-law (as this has been described in detail elsewhere, for example, Mehta 2006, it is only summarized here) and perhaps even grandchildren. The Maintenance of Parents Act, which is a protective mechanism for elders against financial neglect by their offspring, includes the children, stepchildren, and legally adopted children within its ambit. As for the use of Medisave for family members, the medical component of the Central Provident Fund account of a Singaporean and Permanent Resident, even a grandchild is allowed to pay for his/her grandparents' medical expenses. The interdependent ties of immediate family members are emphasized by the Singapore Government's social and legal policies, as it is in tandem with the Asian cultures that reside in Singapore. Nevertheless, when we examine the lives of the first generation immigrants who now form a large proportion of older persons here, we are cognizant of their tremendous sacrifices, but in old age they are sometimes without family or child support either because they have never married, are childless, or divorced.

What are some of these issues and problems that lie at the nexus of ageing and migration at the micro level? How do they affect the individual as he/she tries to negotiate the retirement years? In an attempt to seek answers to these questions we look at the case of Gujaratis in Singapore.

The Gujarati Community in Singapore

The Gujaratis form a very small minority community on the landscape of the island of Singapore, which has an area of 646 square kilometers. According to the Singapore Census 2000, there were 3,260 Gujaratis (Leow 2001) accounting for less than half a per cent of the population. In terms of religious affiliation, Gujaratis may be Hindus, Muslims, or Jains.

During the first wave of migration estimated to be in the 1890s from Gujarat, which is a state in northwest India, the Gujaratis were mainly merchants, imbued with trading acumen (Vyas 1998) and the dream of returning to their homeland, India, after they had made their fortune. It has been documented in Kotecha's book (1994) that Gujaratis were a seafaring ethnic group as their state had a very long coastline. She writes

that Indians from Gujarat had traded with the states in East Africa for many centuries, but they normally returned home after several months of trading. It was in the early 1880s that they started to stay permanently, and coincidentally the earliest records found in Singapore trace about twenty-eight households in Singapore in 1902. Poverty, diseases such as the plague, and famine could have been the "push" factors explaining the expansion of emigration around this time.

The inflow of families from India and Pakistan stabilized the community in Singapore from the mid-twentieth century. Most Gujaratis travelled by ships in those days. The journey from India would have taken about fifteen days (or more with stopovers) until more efficient cruise liners were introduced: these took about five to six days. Initially, the older men had the notion of retiring in their homelands. This gradually changed as the Gujaratis became a settled community casting their future with Singapore's dynamic and visionary state leadership. They survived on their meagre savings from work, and when in crisis, they took loans from their employers or friends.

The early Gujaratis were generous, not only towards their fellow Gujaratis, but also towards other Indians and the host country's needs. There are family names such as the Mistris, who donated a hospital wing, and the Uttamrams, who established an X-ray clinic to help people suffering from diseases such as tuberculosis. The philanthropic tradition of the Gujaratis has been documented in other parts of the world (see Gregory 1992, for details on philanthropy by Gujaratis in East Africa).

Today, the Gujaratis in Singapore have been referred to as "a model Indian community" (speech by J.Y. Pillay, Guest of Honour at the Singapore Gujarati School Annual Concert 1996). In almost every way, that is, economically, socially and educationally, the community has progressed remarkably over the last half century. As other writers of the Gujarati diaspora have pointed out, the Gujaratis are renowned for their business acumen. Whether one visits the United Kingdom, the United States, East Africa, New Zealand, Mauritius, or Fiji, one will come across successful Gujarati merchants. With younger generations taking the professional path, the patterns are gradually changing. However, in Singapore there is still a sizeable number of business enterprises run by Gujaratis — the goods and services offered have transformed, but the love of being self-employed continues. Instead of spices and commodities such as tin and rubber, it may be computers and software today. The sacrifices of the older generations have paid off in terms of the success of the second generation for many seniors.

Social Background

There are three main categories of Gujaratis, namely the Hindu Gujaratis, the Muslim Gujaratis, and the Jain Gujaratis (Mehta 2006). In addition, there are the Parsees (or Parsis) who follow the Zoroastrian religion, but speak the Gujarati language. The last prefer to identify themselves as Parsees (rather than Gujaratis), and mingle minimally with the other Gujarati-speaking groups. The Gujarati-speaking Muslims are known as "Bohras" and they have made strong contributions to the country in terms of their economic and cultural participation in Singapore's progress (Lal 2006, p. 62).

For this chapter, the focus is on Hindu and Jain Gujaratis, as the empirical research conducted by the author is within these two groups. From the very early days of settlement Hindus and Jains have lived in close harmony, and the two religions (Hinduism and Jainism) have more similarities than differences.

In the days before the Second World War (WWII) there were only a handful of Gujarati merchants in Singapore. They were mostly single men, whose families were still in India. As was common in those days, the husbands would visit their families once every few years, according to the contract of their employment. The employers would visit more often, as they were not bound by any contract! After WWII, historical records show that the Gujarati community became less transient, with wives and children beginning to be brought to Singapore. Socially, the Gujaratis banded themselves and formed the Singapore Gujarati Association, which was later changed to Singapore Yuvak Mandal, and then to Singapore Gujarati Society. A local Gujarati School was also registered in 1960 to cater to the desire for teaching the younger generations the mother tongue, Gujarati. Khabardar (1881–1953), a Gujarati writer has succinctly said:

> *Jyan Jyan vase ek Gujarati, tyan tyan sada jal Gujarat*
> *Wherever a single Gujarati resides, Gujarat is ever there.* (Dave 1991, p. 88)

Today, the Gujarati residential community is well rooted in Singapore, with two major communal organizations, namely, the Singapore Gujarati Society and the Singapore Jain Religious Society. Socio-religious and educational activities are common, such as the celebration of Diwali, Navratri, and religious talks by guest speakers. It is common for donations to be made when members have special occasions within their family, such as births, deaths and weddings.

Empirical Research

The data for this chapter is based on a multi-method research conducted within the Gujarati community in Singapore. A survey was conducted to tap the perceptions of the Gujaratis regarding their community, in relation to their past ten years, the present, and future ten years. A postal survey of 250 families yielded a response of 74 completed forms, that is, 30.0 per cent. Only Singapore citizens and permanent residents were selected for inclusion in the survey. The questionnaires were in the English and Gujarati languages. Self-addressed and stamped envelopes were also sent out to facilitate returns.

In addition, focus group discussions were held with teenagers (below 19 years), young adults (20–35 years), middle-aged adults (35–59 years) and seniors (60 years and above). These were conducted at one of the researcher's homes, and lasted for about 2.0–2.5 hours. There were seven members each in the young adults and senior citizens groups, and eight members each in the teenagers and middle-aged adults groups. A pilot group was conducted with five middle-aged adults to test out the guideline of questions. Some changes were made to the guideline to enable the participants to have a better understanding of the questions asked, that is, some questions were simplified. A total of five focus group discussions were held, and the age range was 18–75 years.

To delve even deeper into the "lived experiences" of the older Gujaratis, in-depth interviews were conducted with twelve seniors, that is, men (8) and women (4). These case studies generated a wealth of data that captured the historical experiences of the first generation of Gujaratis, and the changes that these pioneers had witnessed. Only four of the interviews were tape-recorded, while the rest who declined to be taped, had their wishes respected. Notes were taken of these interviews and summaries were made. The recorded interviews were transcribed and analysed. The age range of the case study respondents was 55–85 years.

Ageing and Gender

Gujaratis, who hail from northwest India, are a patriarchal community similar to other groups from north India. They are proud not only of their heritage, but also of their historical leader, Mahatma Gandhi (Father of India) who was born in the port of Porbandar in Gujarat. In the Gujarati

culture, the daughter "marries out" of her family of origin and "follows her husband" wherever he decides to plant his roots.

Multigenerational families can still be found in Singapore, though they are less common than in the past. Although exact statistics are not available, it can be observed that most elderly live with their married adult children and grandchildren. If, however, one adult child is unmarried or divorced/separated, the elders may continue to co-reside with him/her as part of a nuclear family.

Gender characteristics combined with old age increase the probability of older women co-residing with one of their adult children, generally a son, if he is available. Elderly Indian Singaporeans often face the emotional dilemma of choosing whether to retire in Singapore or in their homeland, India, with which they still have strong sentimental ties. Their childhood bonds, their love for siblings and other extended family members, and more importantly, the opportunity for religious/spiritual pursuits, pull the elderly towards India.

From the in-depth interviews with older Gujarati women, the meaning and purpose they found in late life emanated largely from their religious beliefs, that is, Hinduism and Jainism. When faced with social or emotional problems they invariably found solace and comfort in prayer and visiting their places of worship (see Mehta 2002, for more details).

On the one hand the elder Gujaratis had a strong desire to spend the remainder of their lives focusing on religious pursuits in India, but on other hand, the attachment and investment in their own children who are rooted in Singapore, persuaded them to continue living out their old age in Singapore. This is recognized as one of the most common issues facing older, first generation Gujarati immigrants. The author knows of a few elder Gujaratis who have returned to India. They survive on remittances from their adult children in Singapore. They may supplement this allowance by some savings they have transferred over to India.

Loneliness

The loneliness of the first-generation older Singaporean cannot be described or measured easily. Their childhood would have been spent in their country of origin, and in their old age they miss their siblings and other relatives who have remained in the country of origin. The following case study of an elder Gujarati woman illustrates their dilemma.

Madam H was born in a village in India and at the age of nine she was engaged! She married at the age of sixteen to her fiancé who was four years older than her. They have three sons, two of whom are married, and one, single. At the time of the interview, her married sons lived separately, while the couple lived with the single son.

She revealed that she was not close to her husband or son. She and her husband had very little communication, as he was a reserved person, and the son was out at work from morning till evening. She had a domestic helper who assisted with the housework. While she did not lack materially, emotionally she was unhappy as her closest relation, her sister, was in India. She had some negative experiences with friends in the past, and as a result, she does not trust her peers anymore. She feels that she has been suppressed in her family, especially by her husband who is a very conservative person. Her relationship with her sons is cordial, and she has no complaints against her daughters-in-law.

However, deep down she would like to return to India and be closer to her siblings. As it is, she only meets them when she visits India, which tended to be once every three or four years. Her husband does not like to visit India and is satisfied with his life in Singapore. She stated that when they sleep at night they are like "corpses" because they do not communicate. Her marriage is only a skeleton as she and her husband have nothing in common. She feels very empty inside.

Women like Madam H are facing obstacles in socializing outside their own ethnic community due to language barriers. Throughout their lives they have not mixed with other ethnic groups, hence they feel awkward doing so in old age. They have led secluded lives, sacrificing their freedom for their families, hence they are reluctant to move independently in society.

Widows and widowers also harbour a deep sense of loneliness as they miss their departed spouses (Mehta and Teo 2000). As one focus group participant put it:

> For widows and widowers, loneliness is even greater.

Concern for the Community

From the survey, focus groups, and case studies, it was clear that the older generation felt a very strong sense of identity and belonging to their ethnic community. However, they were also concerned about the community's

ability to sustain its cultural heritage, as the younger ones were not as concerned about ethnic festivals and traditions.

> "It is our duty to prepare our children and grandchildren in such a way that our culture is preserved." (Focus Group participant)

One elderly gentleman felt that adults in the community were not as charitable in donating towards the Gujarati needy as his generation had been in the past. He thought that the younger adults were becoming more selfish compared with his cohorts who had comparatively little wealth but were generous in helping the poor.

The community's teenagers, young adults, and middle-aged were concerned about the lack of cohesiveness in the community. Fragmentation was occurring along religious and sectarian lines, such as newly arrived "expatriates" versus long-established "local" members of the population. During the focus groups they voiced their observations on the lack of effective leadership and need for greater unity. To quote:

> It is necessary to bring unity in our Gujarati community. People tend to stick to their own groups.

One positive factor pointed out by some respondents was that the Gujarati school was functioning well, and this served as a unifying thread. There is a local Gujarati school which has an enrolment of about 250 students and functions on Saturday afternoons at Haig Girls' School. The school provides a "common space" for Gujarati youth to learn their language, as well as socialize regularly with their Gujarati peers (regardless of religion, gender, or class). Hence, the deep concern of some focus group participants about the fragmentation of the Gujarati community is allayed by the hope that the "common school experience" would bring together the younger generations through friendship and common interests.

To some extent, the phenomenon of an ethnic community facing chasms due to religious differences is also prevalent among the members of the Chinese community in Singapore. The first generation of immigrants consists mainly of Confucianists, Taoists, or Buddhists. However, the adult generation and even the younger generation have relatively larger proportions of Christians.

The concern over integration of newer waves of immigrants into the larger Singapore society has been voiced by the Senior Minister Goh Chok Tong as one of the major challenges facing Singapore (*Straits Times*, 17 November 2007). Among this group of newcomers are parents of

working adult children who may also enter Singapore as dependants. In the same article there was reference made to the erosion of trust among the Indian and Chinese communities due to the differences between the local ethnic populace and the new wave of immigrants of the same cultural background. In terms of multicultural adjustment, this concern is worth deeper reflection as there are implications for the long-term stability of the country.

Changing Family Communication Patterns

Because younger generations of Gujaratis cannot speak the mother tongue, some older people feel that they cannot communicate well with their younger family members. English-speaking elders who are better educated can communicate well with their grandchildren. This problem is also prevalent among other ethnic communities such as the Chinese community. The chasm of language dividing the older and younger generations is greater among the Chinese partly due to the state's promotion of Mandarin as the official language. Older Chinese immigrants are not fluent in Mandarin (they speak dialects such as Hokkien and Cantonese) or English, which are the languages most fluently used by the adult and younger generations. Among the Malay and Tamil-speaking communities, this problem is less prevalent as language is not a barrier. However, attitudes towards elders may still pose an obstacle for children and youth to engage in conversation with their elder family members.

In recent articles, the stereotypical attitudes of Singaporeans towards the older generation have been discussed (*Straits Times*, 17 November 2007; *Straits Times*, 9 November 2007). Negative attitude is another barrier, which may give rise to obstacles for the elderly to participate fully in the various spheres of society, such as the labour force, recreation, and education, thus depriving older persons of their right of access to realize their full potential. Through the author's research in the field of gerontology in Singapore, as well as her experiences in discussions with undergraduates during teaching encounters, this topic has emerged to be a cause for concern. In Singapore, across ethnic lines, the current cohort of first generation immigrants has a low level of education (largely because of historical factors and lack of opportunities) and consequently low levels of skills. This contributes in a salient way towards the maintenance of biased attitudes, which according to the Senior Minister Goh Chok Tong, are "not changing fast enough" (*Straits Times*, 17 November 2007).

Additionally, focus group participants in the Senior Citizens Focus Group voiced their concern about young mothers leaving the task of nurturing and supervising of their children to foreign maids. They felt that too much responsibility was being delegated to the foreign maids and, hence, the disciplining and training of young children would suffer in the long run. They were concerned as to how this would affect the family as a whole, that is, when both parents are away at work from morning until evening, would the children feel neglected? In the focus group, some of the participants were living with their adult children, while some others were living separately.

A similar concern was raised by a senior Chinese in a focus group discussion carried out as part of another research in which the author was involved.

> When people (grandparents) talk about playing with the children and they have maids, I am always trying to make this point — that the maid's input to the children's mind is one of the worst things that can happen…. (Teo, Mehta, Thang, and Chan 2006, p. 127)

Thus, we can understand how grandparents feel about the quality of care and influence foreign maids would have on the grandchildren. As most members of their generation raised their children themselves, they have reservations about the influence foreign employed maids would have on their grandchildren (for more discussion on this, see Mehta and Thang 2008).

Conclusion

The example of the Gujarati elders in Singapore illustrates the emotional alienation experienced by the first generation of immigrants who have settled in Singapore. However, their resilient characters and social as well as spiritual avenues of support help them to cope. However, not all of them have these avenues to rely on. Many are "disengaged" and "excluded" from the mainstream either due to lack of family, for example, they are singles who are either unmarried, divorced, or widowed, or they are very poor and lack resources, are illiterate, and/or in poor health. As they occupied the lower rungs of occupations in the past, they may have very little savings. Their source of support could be the government, ethnic organizations, or charitable institutions.

To integrate these social groups into the society at large, innovative and caring approaches are needed. Outreach to the isolated elders is one

effective way to connect with them. Another way is to make them feel that they can still contribute to society, thus lifting their self-esteem. They can also be offered simple tasks that may carry a small token of appreciation or honorarium, such as being traffic wardens for primary schools, or teaching calligraphy, brush painting, or "forgotten handicrafts" at childcare/student care centres, for example, soft toy making. This will improve their sense of well-being and transmit to the younger generations their traditional strengths and talents. Intergenerational bonding would be engendered over time, thus enriching the social fibre of Singapore society.

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12

OVERSEAS LABOUR MIGRATION AND WELL-BEING OF OLDER FILIPINOS

Grace T. Cruz and Elma P. Laguna

Filipinos are remarkably dispersed worldwide. This is the result of a long history of international labour migration which has been underway for several decades now. Filipino workers started finding their way to the sugar plantations of Hawaii as early as the 1920s (Morada 2001). The pattern heightened through time, particularly in the 1970s, when droves of Filipino workers were drawn by the high labour demand of the petrodollar economies in the Middle Eastern countries. The labour export was then viewed as the government's temporary solution to worsening economic problems arising from the oil crisis. However, the opening of new labour markets in other regions and the lack of sustained economic growth and continued political instability in the country made migration a viable alternative for Filipino workers. Thus the Filipino *Diaspora* continues to this day with approximately 8 million Filipinos or about a tenth of the country's population living and/or working abroad to date.

The unabated trend of Filipino overseas labour migration has impinged significantly on the economic and social life of the country. The non-negligible fraction of households in the Philippines having one or more

members working overseas at any one time (Yang 2004) translates to millions of households who receive financial support from family members working overseas. Monthly remittances from overseas Filipino workers were officially recorded at US$1.4 billion as of March 2008, representing about 10.0 per cent of the Philippines' GDP. This makes the Philippines the world's third highest net remittance recipient after India and Mexico (Pernia 2006). Such massive financial influx has contributed significantly to ease the unemployment situation, alleviate poverty, and help keep the country's economy afloat. No doubt the migrant workers are then considered as the country's "modern-day heroes".

On the flipside of the remittances are the social costs of international labour migration, which among others, include the rising numbers of transnational families, or families with members located in different locations (Asis 2004). The forced family separation resulting from international labour migration has been shown to have impacted on the welfare of the family as an institution, and on the individuals, particularly young children and older persons. This is not to discount the direct costs on the migrant workers themselves, especially women who are likely to bear an emotional burden resulting from their separation from their children and spouses. While measuring the social costs of international labour migration has been alluded to in recent times, the number of studies that have looked at the social impact of this phenomenon on the families left behind and on the workers themselves has been limited, compared with the studies on the economic impact of labour migration, both at the macro and individual levels.

This chapter is an attempt to bridge the gap in understanding the social costs of labour migration, particularly on the sector of the population that is often neglected — the Filipino older persons. In particular, it explores the issue of overseas labour migration and the welfare of older persons in the Philippines. Using nationally representative data on older persons, this chapter attempts to describe the well-being of older persons whose main source of income consists of remittances from children and other relatives abroad, and compare them with their counterparts who do not receive such income. By comparing their economic and health attributes it is hoped that such descriptions will bring out some relevant information on the extent to which remittances help finance older persons in the country. At the same time, the chapter will explore the changing social roles of older persons particularly as it pertains to their surrogate parenting

role in the context of rapid labour migration. Such findings hope to provide new information which can influence the government's policies and programmes on financing the older sector of the population.

Data

The study was based on data from the 1996 Philippine Elderly Survey (PES), the first nationally representative sample of older persons aged 50 years and above in the country. PES was conducted using a multistage, stratified cluster sampling design which resulted in a total of 2,285 interviews with respondents aged 50 and above living in households. The response rate was 95.0 per cent (Hermalin, Roan, and Perez 1998).

The 1996 PES was part of a bigger project, "Comparative Study of Elderly in Four Asian countries", which included the Philippines, Singapore, Taiwan, and Thailand, and was designed to investigate how rapid demographic change in these societies has affected older persons. It collected a whole range of characteristics of older persons, including their health, which is the main focus of this study. Although the survey was not designed to study the international labour migration and its possible consequences on the left-behind older persons, some embedded questions in the survey allowed for the exploration of these issues. The lack of pertinent information, such as actual number of labour migrants in an older person's household, and the amount of remittances received by the older person, are some of the needed information that could have brought about a deeper understanding of the research objectives. The unavailability of such data presents some of the major limitations of the current analysis.

This chapter defines older persons as those 50 years old and above, which is the sample covered in the study. In the Philippines, however, older persons officially refer to those 60 and above.

The Ageing of the Philippine Population

The Filipino population has not yet aged significantly,[1] with the rate of ageing in the country paling in comparison with that of other countries in the region. However, the number of older persons in the country is significant and expected to increase substantially in the future. As of 2000, there were 4.6 million older persons aged 60 and above, accounting for 6.0 per cent of the country's total population (Cruz 2005). The rapid growth rate of the older population, which is currently the fastest growing

sector of the population today, portends the expected maturation of the population age structure. The upsurge is likewise suggested by the increasing number of incoming cohorts of older persons, particularly the baby boomers who are expected to join the ranks of the older persons in the current decade.

The looming prospect of an increasing number of older persons elevates health and the attendant aspect of health financing to a central issue, given the increased incidence of disability and chronic illnesses associated with advanced old age that is expected to require significant financial investment. Mounting evidence shows that the future gains in longevity will simply be spent in ill health and in disability (Verbrugge 1984; Olshansky and Ault 1986; Crimmins, Hayward, and Saito 1996). It is implied that future expansions in the number of older persons who are expected to live longer will mean a corresponding increase in the projected number with disabilities. It is thus important to consider both the health status and financial requirements of the increasing number of older persons, particularly since the country's current health infrastructure is oriented towards treating infectious diseases and focusing on maternal and child health, and it may, therefore, be ill-equipped to handle the needs of an ageing population.

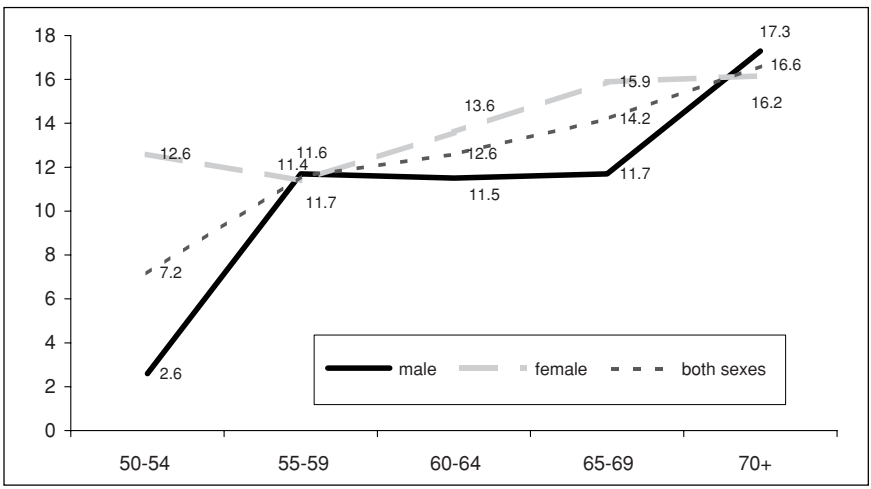
Remittances and Older Filipinos

To collect information on income and assets of older persons, the 1996 PES inquired about the respondent's and their spouse's sources of income. Respondents were asked to choose from a list of eight possible income sources which included "income from children and other relatives from other countries". Among those with multiple sources of income, a follow-up question was asked about their most important and second most important sources of income. Respondents are considered recipients of remittances if "income from children and other relatives from other countries" were mentioned as the most or second most important source of income for either the respondent or his/her spouse. In this chapter those who received remittances are alternately referred to as those with children overseas, although the former may be an underestimation of the latter, given that there may be those with children living abroad, but who do not derive their main income from them. This limitation also implies the uncertainty of establishing the proportion of older persons with a family member or a relative living abroad at the time of the study.

Results of the 1996 PES showed that at least 12.2 per cent of Filipinos aged 50 years and above and their spouses were dependent on the remittances from children and other relatives from overseas for their main source of income (Table 12.1). Receipt of remittances increased with advancing age, from 7.2 per cent among those 50–54 years old, to 16.6 per cent among those in their 70s (Figure 12.1). Significant gender difference is also apparent with women generally exhibiting greater financial dependence than men in almost all age groups. Generally, 14.1 per cent of older women claimed to derive their main income from remittances, compared with 10.0 per cent among their male counterparts (Table 12.1).

Significant differential characteristics existed between recipients and non-recipients of remittances. Generally, the recipients were older (65.0 versus 62.0 years old), but were nevertheless more likely to have a better self-assessment of their health than their counterparts. At least 16.5 per cent among those who derived their main income from children and other relatives abroad claimed that their current health status was better than their health status in the previous year. This is significantly higher than the 11.5 per cent posted by those without income from children abroad

FIGURE 12.1
Proportion of Older Couples with Remittances by Age and Sex: Philippines, 1996 PES



Source: 1996 Philippine Elderly Survey.

TABLE 12.1
Characteristics of Older Recipients and Non-recipients of Remittances: Philippines, 1996

Background Characteristics	With remittance (%)	Without remittance (%)	TOTAL
TOTAL POPULATION	12.2	87.8	(2,285)
Male	10.0	90.0	(1,059)
Female	14.1	85.9	(1,225)
Mean Age (in years)**	65	62	62
Sex (% male)**	37.8	47.9	46.3
Place of residence (% urban)*	51.1	43.8	44.9
Marital Status			
Never married	3.6	3.3	3.3
Married/living-in	63.5	66.2	65.9
Separated/divorced	1.1	2.7	2.5
Widowed	31.8	27.9	28.4
Education**			
No education	8.0	14.1	13.2
Elementary	56.0	61.2	60.4
High School	36.1	24.6	26.4
Employment (% currently employed)*	30.8	52.4	49.8
Median annual income for R and spouse – (in pesos)**	24,000	15,000	15,000
Health (% reporting better health status than previous years)*	16.5	11.5	12.1
Mean number of living children**	6.3	5.5	5.6
Grandparenting			
Mean number of grandchildren**	15.2	13.9	14.1
% who take care of grandchildren	38.1	33.9	34.4

Notes: * denotes significance at 5%; ** denotes significance at 1% or better.
Source: Authors' calculations.

(Table 12.1). Recipients were also more likely to be widowed, which can be explained by the preponderance of females in this group.

Urban residents and those with higher educational attainment were also more likely to derive financial support from children and other relatives abroad. Recipients of external financial flows also exhibited a higher median income (estimated by joint income of the respondent and his/her spouse) although they were less likely to be currently employed (Table 12.1).

The seeming economic advantage among those with migrant children and other relatives is expected given the initial cost entailed in migration, particularly when this is on an international scale. This is consistent with the results of a recent study of international labour migration in the country, which showed migrant workers likely to come from the not-so-poor households and from the more developed regions in the country (Pernia 2006). This pattern was observed to result in an appreciably greater share of total remittances going to the more developed regions, and with lower-middle to middle-income families who directly gain from the remittances.

Besides their basic demographic and economic differences, those who stand to gain from remittances also exhibit differential household structure and set-up. Recipients of remittances are also more likely to have more living children and quite expectedly, more grandchildren. Although those with children abroad are more likely to say they take care of their grandchildren, this is not significantly different from the proportion exhibited by those who do not receive income from remittances. This tends to suggest that regardless of the migration status of their children, older persons in the country are likely to help in caring for their grandchildren.

Remittances and Economic Well-being

To what extent do remittances enhance the economic well-being of the older persons? Various literatures in the country point to the positive effects of remittances at different levels. At the household level, this is indicated by evidence in the increased income and consumption on basic subsistence, housing, or consumer durables of the migrant's household (Department for International Development and International Migration Programme 2003; Scalabrini Migration Center 1990). International migration also allows for investments on land and small businesses (Go 2003) and other income and employment generating activities. Remittances also translate to better human development investments as children of overseas Filipinos are shown to have better access to private and higher level education than their counterparts.

Older persons who derived their main income from children and relatives outside the country indicate a significantly better income sufficiency level (Table 12.2). In the 1996 PES, respondents were asked what they thought of the income of all the members of their household

TABLE 12.2
Well-being of Older Recipients and Non-recipients of Remittances: Philippines, 1996

Background Characteristics	With remittance (%)	Without remittance (%)	TOTAL
Sufficiency of household income to meet expenses**			
– With considerable difficulty	11.6	23.4	22.0
– Some difficulty/enough/with leftover	88.4	76.6	78.0
Total %	100.0	100.0	100.0
(N)	(276)	(1,978)	(2,254)
Felt ill in the past year but did not go to the doctors because of financial reason*			
– Yes	59.7	72.6	71.4
– No	40.3	27.4	28.6
Total %	100.0	100.0	100.0
(N)	(67)	(660)	(727)
Person who takes care of R whenever he/she gets sick*			
– None	1.4	2.9	2.7
– Children/children-in-law	47.5	41.0	41.8
– Spouse	39.2	48.0	47.0
– Grandchildren	3.6	2.5	2.7
– Other family members/helpers	8.3	5.5	5.8
Total %	100.0	100.0	100.0
(N)	(278)	(2,001)	(2,279)

Notes: * denotes significance at 5%; ** denotes significance at 1% or better.
Source: Authors' calculations.

vis-à-vis all the expenses for maintaining (or running) the whole household. Response categories included: (1) there is enough (income), with money left over, (2) just enough, (3) some difficulty in meeting expenses and (4) considerable difficulty in meeting expenses. For the purpose of this study, the responses were dichotomized into those with considerable difficulty (code 4) and those who felt otherwise (categories 1 to 3) in order to underscore those who really found extreme financial difficulties in meeting their household requirements.

Results show that on the whole, a little over a fifth (22.0 per cent) of all respondents experienced severe unmet financial needs, with significant differences noted between recipients and non-recipients of remittances

(Table 12.2). Almost a quarter (23.4 per cent) of the latter admitted experiencing considerable economic difficulty in meeting their household requirements, or twice that of the former (11.6 per cent).

Even after controlling for other background variables which explain the differences in perceived sufficiency in the household income, including age, sex, education, and place of residence, results of the logistic regression (Table 12.3) show the consistent significant effect of remittances. Compared with those without remittances, older persons who derived financial support from remittances are about 56 per cent less likely to have experienced financial difficulty. Results also underscore the significant effect of education, with those with elementary education about twice as likely to admit to having financial difficulties relative to those with no education. However, those with the highest education (with at least high school education) are less likely to admit to having financial difficulties in running their household relative to those with no education. Type of residence showed a similar impact, with those from urban areas less likely to exhibit financial difficulties relative to rural residents. The other variables in the model, including sex and age, did not show any significant effect.

Remittances and Health Care Utilization

Given the importance of health care in old age, it is important to explore this dimension of the older person's well-being and the extent to which it

TABLE 12.3
Logit Regression of Economic Well-being of Older Persons

Variables in the equation	Exp(B)	S.E.	Sig.	Wald	d.f
With remittances *(vs. Without remittance)*	0.444	0.199	0.000	16.662	1
Male *(vs. Female)*	1.217	0.166	0.064	3.441	1
Education *(vs. No education)*					
Elementary Education	1.906	0.143	0.000	20.496	1
High school and higher	0.347	0.178	0.000	35.309	1
Urban *(vs. Rural)*	0.786	0.110	0.028	4.821	1
Age	1.003	0.005	0.544	0.368	1
Constant	0.245	0.348	0.000	16.390	1

Note: The dependent variable is whether older persons admitted considerable economic difficulty in meeting their household expenditures.
Source: Authors' calculations.

is associated with international financial flows. Particularly, this section examines the possible links between remittances and the health service utilization of older persons by exploring the extent of unmet health needs. In the 1996 PES, the level of unmet health needs of older persons was assessed by asking them whether they fell ill in the year prior to the survey and thought about going to see a doctor, but did not due to the lack of company, transportation, money to pay for the service, and physical distance from a health facility, among other reasons. Unlike in most developed countries where health care cost is generally taken care of by health insurance, the situation is different in the Philippines where the cost is mostly absorbed by the individual or the family (Natividad forthcoming). With only a small proportion of the older persons' health cost borne by health insurance, health care utilization can be severely affected by their financial status.

Results of the 1996 PES show a significant overall level of unmet health need among older persons, with about a third saying they fell ill in the past year, but did not go to the doctor even if they thought of doing so. We examined this group with unmet needs for health care and found that the major constraint was the lack of financial resources (71.4 per cent) (Table 12.2). Results further show a significant difference in the level of unmet needs, with those receiving financial assistance from abroad having a significantly lower level of unmet health needs than those who were not dependent on external sources of income — 59.7 per cent versus 72.6 per cent. (Table 12.2). The favourable effect of remittances on access to health services holds, even after we control for the effect of age, sex, and place of residence (Table 12.4).

Despite the alleviated economic condition associated with receipt of remittances, what is apparent is the high prevalence of unmet health needs among Filipino older persons. Even among the recipients of remittances, a majority (59.7 per cent) claimed they did not see a doctor when they fell ill due to financial constraints.

Another relevant indicator of health care utilization among older persons is access to preventive/routine services. Diseases that are highly prevalent in an ageing population are chronic diseases such as hypertension, heart disease, and diabetes which require constant monitoring and proper management. These diseases can be managed in part, by monitored screening of vital indicators such as blood pressure, blood sugar, and cholesterol, among others (Natividad forthcoming). In the 1996 PES

TABLE 12.4
Logit Regression of Physical Well-being of Older Persons

Variables in the equation	Exp(B)	S.E.	Sig.	Wald	d.f
Urban *(vs. Rural)*	0.844	0.167	0.310	1.033	1
Male *(vs. Female)*	1.250	0.168	0.185	1.759	1
With remittance *(vs. Without remittance)*	0.580	0.265	0.040	4.214	1
Age	1.000	0.009	0.977	0.001	1
Constant	2.594	0.563	0.091	2.865	1

Note: The dependent variable is whether the older person fell ill (in the year prior to the survey) and thought about going to see a doctor but did not because they did not have enough money.
Source: Authors' calculations.

respondents were asked if they availed themselves of routine or preventive services in the year prior to the survey. From a list of fifteen tests and procedures, twelve (three tests relevant only for women were not included) were examined and the results are presented in Table 12.5.

Findings show a consistent pattern, with a significantly higher proportion among those who did not receive any remittance more likely to say that they did not use any routine or preventive services in the year prior to the survey (42.5 per cent versus 38.5 per cent). However, among those who availed themselves of the services, there seems to be no apparent difference in the average number of services utilized between those who received and did not receive any remittance. For those who went for check-ups, they registered an average of two tests within the year, most of which included blood pressure measurement and urine check (no significant difference in the levels between those with and without remittance).

International Migration and Availability of Family Health Care Provider

Salient to the discussion of the interrelationship between health care of older persons and international migration is the issue of the availability of family caregivers for older persons. In the Philippine context, children, particularly daughters, are expected to care for their aged parents. Under the prevailing culture marked by a strong sense of filial piety or "*utang na*

TABLE 12.5
Preventive Health Service Utilization
by Whether Respondents Received Remittance or Not

	% with no preventive health service utilization	Average number of health service utilized among those who used the service
With remittance	38.5	2.4
Without remittance	42.5	2.2
Significance level	Chi-square=0.01	NS

Note: NS= not significant
Source: Authors' calculations.

loob" (debt of gratitude), children are expected to serve their parents particularly in the latters' old age. This was borne out by the study on the value Filipino parents attach to their children — which indicated their expectation that children provide assistance to them in their old age, among other things (Bulatao 1975).

In the 1996 PES, respondents were asked who usually took care of them whenever they got sick. Results show that, regardless of the migration status of their children, older persons were most likely to depend on their spouse (47.0 per cent) and children (41.8 per cent) for support when they were ill (Table 12.2). The greater reliance on children among those in a migrant family set-up may be explained by the fact that they were more likely to be widows who, therefore, did not have a spouse to seek help from. What is interesting to note, however, is the differential in the level of support derived from grandchildren and other caregivers between those with and without children overseas. Data show older persons with children abroad were more likely to draw assistance from their grandchildren and other family members, including helpers, as their caregivers whenever they got sick (Table 12.2). While those with migrant children had more living children on average, the absence of the respondents' children because of overseas employment may explain why grandchildren assumed the role that was otherwise expected of their parents to perform. The results also suggest the possibility that those who received remittances were now able to pay for the services of caregivers other than their own family members.

International Migration and the Changing Role of Older Filipinos in the Family

Earlier findings indicating that at least 12.2 per cent of older Filipinos mainly depend on the support of overseas children and other relatives for their main source of income provide a glimpse of the magnitude of the impact of international migration on the well-being of older Filipinos. While previous discussions point out how such financial support is associated with elevated levels of economic and health conditions of the recipients, we should not lose sight of the costs entailed, which have many repercussions on their well-being. After all, financial and health status may be crucial, but they are not the only factors that measure the older person's well-being.

This section will provide a discussion on the possible implications of international labour migration on the social conditions of older persons, particularly in the context of roles and functions they assume in light of changing family structures brought about by labour migration.

The selectivity of international labour migration, which favours mostly those in the early years of family formation, together with the strong emigration pressures on women (that is, the demand for female caregivers in many developing countries) have resulted in a "reordered family set-up" of the left-behind families and households. This is quite evident with the preponderance of the skip generation household in the country and the substantial proportion of adolescents claiming to have been raised by people other than their own biological parents (Raymundo and Cruz 2004).

Female migration, particularly involving married women with children, has effectively passed on some of the reproductive roles to other family members, including the older persons. This is expected, given that it is not uncommon for a Filipino couple to rely on one of their parents to care for the children (Laguna 2007). This is also facilitated by the preponderance of the three-generation household set-up in the country, which implies co-residential arrangements of grandparents with young children (Natividad and Cruz 1997). The 1996 PES reveals about 45.0 per cent of those aged 50 years and above were living with at least one grandchild, with grandparents who were very much involved in childcare (Hermalin, Roan, and Perez 1998). About two out of three Filipino grandparents were found to provide childcare for a co-resident child. Their heavy involvement in childcare is also evident in the amount of time spent in

childcare, which averaged about forty-four hours spent per week. Childcare involves babysitting, playing with grandchildren, preparing meals, bathing them, etc. Older persons, however, are not likely to do grandparenting chores on their own.

For most of the older persons, grandparenting appears to be a responsibility they need to assume for the economic survival of the household. This is evident in the result of the 1996 PES, which showed most of them claiming to be mainly in charge of the care of their grandchildren because the grandchild's parents were working (Hermalin, Roan, and Perez 1998). About 3.0 per cent among those who took care of young children acknowledged that they were the persons in charge of caring for the grandchild because the child's parents were overseas contract workers (OCW) (Table 12.6). These findings tend to suggest that receipt of financial flows from children abroad is associated with certain responsibilities on the part of the older persons, which may imply looking after their grandchildren or acting as surrogate parents.

TABLE 12.6
Percentage Who Take Care of Grandchildren Because Parents are OCW by Whether or Not They Received Any Remittance by Various Background Variables

Background Characteristics	% who take care of grandchildren because parents are OCW (among those who take care of any grandchild)
If received remittance**	
Received remittance	8.6
Did not receive remittance	2.1
TOTAL	2.9
Sex	
Male	2.1
Female	3.4
Place of residence	
Urban	4.1
Rural	1.9

Note: ** denotes significance at 1% or better.
Source: Authors' calculations.

Interestingly, older persons, regardless of gender and place of residence, admitted to caring for grandchildren who had OCW parents.

The older persons' willingness to switch roles from grandparents to surrogate parents projects their altruistic attitude towards helping achieve domestic equilibrium when parents leave their children behind in search for overseas employment. However, the resumption of the parenting role in their advanced age may be challenged by their own ageing condition with its attendant health and care requirements. On their own, older persons too have to contend with issues associated with ageing, among other things, failing physical health, loss of loved ones, economic difficulty, and retirement (Laguna 2007). This is, in fact, suggested by additional information culled from qualitative data on grandparenting in the country that suggest both the positive and negative implications of the heavy involvement of older persons in childcare (Cruz 2005; Laguna 2007). While grandchildren provide companionship and support for the older persons, the burden of caring for children with its attendant issues, such as loss of privacy, are some of the problems that older persons tend to experience, particularly those who are starting to experience health problems.

Discussion

This study has explored the nexus between overseas labour migration and the well-being of older Filipino people which assumes relevance in an era of significant labour migration that is occurring in the country today. The extent and impact of international migration on the welfare of older Filipinos can be glimpsed from the data provided by the 1996 Philippine Elderly Survey. Among older Filipinos and their spouses who claimed to derive their main income from remittances of their children and other relatives abroad, a substantial proportion (12.2 per cent) is economically dependent on remittances of their children and other relatives abroad. The preponderance of older persons who received remittances likewise provides a conservative estimate of the proportion of older persons with at least one family member who has experienced international migration. It is a conservative estimate of the level of families experiencing international migration as it excludes those with children abroad, but who did not receive their main income from them.

Results show an increasing dependence on remittances with advancing age, with females and urban residents more likely to rely on remittances

for their main source of income than their counterparts.

Evidence shows that remittances redound to an appreciable improvement in the older person's well-being. Those whose main source of income derives from overseas remittances are found to be in a better position of meeting economic needs, as well as health care needs. Older persons whose main source of income are children and other relatives abroad are less likely to have unmet health needs, and avail themselves more of preventive and other routine health services. They also have better self-assessed health condition than those whose main income derives from sources other than overseas remittances. There is a need for caution in arriving at conclusions regarding the relationship between international migration and the welfare of older persons, particularly since it has been established that migrants usually come from a more favourable economic background.

The extent to which remittances redound to an appreciable economic gain to older persons assumes an intra-household income distribution that benefits all household members, including the older persons. This is expected in the context of close Filipino family ties manifested in part by the significant family involvement in the migration decision making process. Studies show that although the migrant eventually makes the final decision to move, family members have a significant role to play in the decision making process (Aganon 1995).

The involvement of the family in the migration decision making does not come as a surprise considering the high stakes that migration imposes on the left behind family members, including older persons. The increasing involvement of women, including mothers, in international labour migration, for instance, has made older persons assume a more active role in the care of family members — in the process, redefining their grandparenting role. While grandparenting is never considered an added burden among older persons in the Philippines — rather a role that is anticipated — the obligations and responsibilities that older persons face, due to the absence of parents, are no longer limited to babysitting or taking care of their grandchildren. Grandparenting now involves a re-assumption of parenting roles in advanced ages even as they have to contend with their own ageing issues, among them, their declining health. This has been clearly outlined in the study results which show the increased burden of childcare assumed by older persons. While the increased burden of grandparenting, particularly among those with children overseas, is notable, the services performed by the grandchildren for their grandparents,

and their strong emotional bond that are beneficial to the total well-being of the older persons must not be overlooked.

That remittance is associated with better conditions for the older persons should not detract us from the real state of older persons, which is marked by a generally poor socio-economic and health condition. They have very little access to a social security system and health insurance, which in a high poverty context, spells even greater vulnerability. Results of the 1996 PES reveal that only 9.4 per cent have access to some social security benefit, which is significantly lopsided in favour of those with high educational attainment (that is, at least high school). The study findings further demonstrate that receipt of financial assistance from children abroad does not seem to cover adequately the health care requirements of Filipino older people as indicated by the substantial proportion of recipients who claimed to have some unmet health needs due to financial problems. This is expected given that most overseas Filipino household are likely to spend their remittances on basic needs such as food.

Poverty has resulted in an unabated outflow of overseas labour migration, particularly by those in the medical field, as observed in recent years. Although health worker migration does not lead to a shortage within the country *per se*, it has led to marked distortions in health care delivery (Asis 2007). For example, there is a shortage of skilled, specialized, and experienced nurses, whose departure has had an impact on the quality of health care delivered. And while labour migration is expected to bring about financial rewards, the loss of health workers cannot be fully compensated by remittances and transfer of knowledge of return migration (Asis 2007). Ultimately, the condition marked by a low demand for, and supply of health services, brought about by low health insurance coverage and high overall poverty incidence will conspire to affect the quality of health care received by older Filipinos.

No doubt, significant state efforts have been exerted to advance the welfare of older persons in the country. Most of this has centred on the need to provide health care in the form of curative services. Worth mentioning are the three major legislative milestones: Republic Act 7432 (RA 7432) and Republic Act 7876 (RA 7876), and the recently passed supplementary law to the Senior Citizens Act, RA 9257, the Expanded Senior Citizens Act of 2003. RA 7432 (Senior Citizen's Act) is an "Act Maximizing the Contribution of Senior Citizens, Granting Benefits and Special Privileges and for Other Purposes". The most significant provision

in the Senior Citizens' Act (Republic Act 7432) has been the grant of a 20.0 per cent discount on medicines for older persons aged 60 and above — regardless of their socio-economic status. Specifically, RA 9257 exempts the elderly from diagnostic and laboratory fees at government health centres, in addition to other provisions. RA 9257 grants additional benefits that essentially expand medical cost provisions to include free medical and dental health services, and exemption from diagnostic and laboratory fees in government health centres; entitlement to free secondary, tertiary and vocational education in both private and government learning institutions. It likewise gives them exemption from training fees for socio-economic programmes and also gives them the privilege to avail themselves of livelihood and training programmes and self-employment assistance.

However, these efforts prove too miniscule to match the health needs of the growing number of older persons. For example, the 20 per cent discount works to the benefit of older persons who have the means to purchase medicines in the first place, but have no beneficial effect on those who can not afford to buy medication at all.

With the inadequate government support given to the older sector of the population, the burden of care, including financial as well and non-material types of support, has mainly been resolved within the family. Despite efforts of the family to assume caregiving roles, evidence about changing family structure, particularly in the face of rapid international migration, suggests that a continuing future pattern may erode the traditional, family-based system of care for the elderly.

Clearly, international migration has mixed effects on the well-being of older persons that are difficult to ignore. With the current international migration trend expected to continue in the future, catapulted in part by the establishment of a state-driven overseas employment programme (Asis 2004), we expect a continuing social transformation among the left behind families and communities. The social cost of this demographic process on older persons implies the need to take a closer look not only at the country's migration policies, but also on the ways in which we can better manage the social implications of international movements. The increasing migration of health workers and women who have traditionally served as the elderly's caregivers necessitate the need to look for alternative ways to continue providing for the care of older persons. Alternative initiatives to replace diminishing family support due to the impact of international migration, in terms of provision of social security and health care benefits,

should be looked into. The government can explore tapping a portion of overseas remittances to support the needs of older persons.

Notes

1. By U.N. standards, a country is considered an ageing society if the proportion of its population aged 65 or older comprises over 7.0 per cent of its total population and is considered a super-ageing society if this group comprises over 14.0 per cent.

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13

URBANIZATION AND THE AGEING COMMUNITY IN SARAWAK, MALAYSIA

Ling How Kee

Beginning in the 1970s, urbanization in Sarawak has been developing at an unprecedented pace. While the resultant socio-economic transformation impacting on the lives of different groups and communities has continued to be a fertile site of study (Abdul Majid Mat Salleh et al. 1990; Abdul Halim Ali et al. 2006; Hew 2003, 2007; Hong 1987), the experiences of the ageing community in the wake of urbanization remains understudied. How has urbanization impacted the older persons of Sarawak? Are the benefits of development brought about by urbanization reaching the ageing community who, in the last few decades, has been an active contributor towards the urbanization process? Are these benefits equally distributed among all members of the ageing community? These are pertinent questions to raise, particularly with respect to the increasing population ageing, a trend similar to the global trend, which results in new emerging issues and challenges for the care and support of older persons. Furthermore, the social and geographical landscape of Sarawak presents issues unique to itself, which tend to be overlooked in studies done in other states of Malaysia or in national policy formulations for older persons, underscoring the importance of examining these questions.

This chapter examines the impact of urbanization on the older persons of Sarawak, focusing specifically on social and economic support available to them. The empirical data, both quantitative and qualitative, are drawn primarily from a study conducted between 2003 and 2004 on "Ageing in Sarawak: Impact, Needs and Emerging Issues" (Social Development and Urbanization Council 2005).[1] As the study only covered three Divisional Administrative areas, namely Kuching, Sibu, and Miri (which are the most urbanized) and a sample of 600 respondents aged 55 and above,[2] the findings is not intended to be representative or conclusive. Nevertheless, the proportionate stratified sampling procedure and an additional purposive sampling of seventy-five respondents allowed for an analysis of emerging issues and trends, as well as rural/urban variations, class, ethnicity, and gender differences related to ageing.

The chapter begins with an examination of the nature of urbanization in Sarawak and highlights some of the consequences which pose implications for the ageing community. This is followed by looking at the income and social support of the increasing number of older persons. The findings suggest that for certain groups of them, their contributions during their younger years have been undervalued and inadequately acknowledged. It concludes with examining the emerging issues and policy recommendations, focusing on the formulation and implementation of income and social security support programmes.

Urbanization: Nature and Consequences

Sarawak, one of the two Malaysian states in Borneo, has its own unique geographical features and ethnic composition. With an area of 124,449 square kilometres, it is the largest of the thirteen states of Malaysia. Its latest population estimate records a figure of 2,262,700 (*Year Book of Statistics*, Sarawak 2004). Compared with Peninsular Malaysia, it was less urbanized until 2000. As shown in Table 13.1, 16.0 per cent of the population was urban compared with 34.0 per cent in Peninsular Malaysia in 1970. It rose marginally to 18.0 per cent in 1980 while it was 42.0 per cent in the peninsular. It then rapidly increased to 37.5 per cent in 1991, and to 48.0 per cent in 2000, comparable to the 58.0 per cent national figure.[3]

At the time of independence from British Colonial rule and merger with the Federation of Malaya, Singapore, and Sabah to form Malaysia in 1963, Sarawak's economy was largely agriculture based. After independence, in line with the Federal Government's development policy

TABLE 13.1
Percentage of Urban Population: Sarawak and Malaysia, 1970–2000

Year	Sarawak	Malaysia
1970	16.0	34.0
1980	18.0	42.0
1991	37.5	50.0
2000	48.0	58.0

Source: Ishak Shari et al. (1997).

of industrialization to achieve economic growth, the state government had embarked on various measures to promote the secondary and tertiary sectors (Mohd. Yusof Kasim 1990). The period saw the rapid development of industries in the major town centres namely, wood-based industries in Sibu, petrochemical industries in Miri and Bintulu, and light to medium size constructions in Kuching.

In the rural areas, while smallholding cultivation of cash crops such as rubber, cocoa, and pepper had been encouraged since the second Rajah's era in the late nineteenth century, post-Malaysia Sarawak emphasized large-scale plantation cultivation of crops such as oil-palm, by bringing in private, large plantation corporations. This slowly eroded the smallholding agricultural system and, as Hew (2007) noted, accelerated the out-migration process as villagers were unwilling to work in the poorly paid plantations.

According to a study on internal migration in Sarawak in 1995 (Ishak Shari et al. 1997), while rural-to-rural migration movement involved the largest number of people, rural-urban migration is the second largest category. Of this rural-urban category, the majority of them (about 72 per cent) were in the age-group 15–34 years indicating that their out-migration was job related.

Although there are no data to indicate whether some of them migrated for educational purposes, the structure of the education system would suggest that this is another factor which also facilitated rapid urbanization. Due to the relatively sparse population and poor infrastructure, government secondary schools are mostly built in the semi-rural and urban town areas. These schools provide boarding facilities with free food and lodging for village children from as far away as the areas which only allow them to return during term break. One consequence of this is that rural youth become disengaged from their own communities, and with the better

educational qualification they have achieved than their parents, they take up urban waged employment as the preferred choice of livelihood. Thus, rural Sarawak is not only losing young and productive human power to the urban centres, but also a pool of better educated human resources.

In terms of the ethnicity of the migrants, the Ibans constituted the majority of the rural-urban category (representing 49.1 per cent of this group) in 1995, while the Bidayuh was the second largest. The greater number of the two ethnic groups can partly be explained by the pattern of migration, which is very much family or kinship related. This facilitated the formation of both informal and formalized support network among these two groups whereas the other minority indigenous groups collectively referred to as Orang Ulu, such as the Kayan and Kenyah, who are more recent arrivals, have not had the same support.

Several major socio-economic transformations brought about by urbanization which impact on the ageing community can be highlighted. Firstly, urbanization, specifically rural-urban migration, has resulted in uneven population distribution with higher population concentration in the urban town centres. Those who stay behind in the villages are the young and the old — a familiar scenario in some of the Iban longhouse communities in Kapit, Kanowit, and Sibu. Secondly, the regional disparities in resource use and allocation, related to the state urbanization strategies, have led to unequal income distribution between rural and urban communities, and a widening gap between the rich and poor. Rural older persons who have low economic purchasing power are harder hit, especially when they become frail and sick and require medical attention. Thirdly, improved communication and transport networks have opened up many areas which used to be considered *ulu* (upcountry) and have led to the emergence of what McGee (1991) described as *desa-kota* (village-town). Rural-urban linkage is, therefore, better maintained than was possible before; furthermore, in areas such as the capital city of Kuching and its district areas, rural dwellers are able to commute to work in towns.

However, the vastness of Sarawak's geography and its lack of development in other regions have rendered certain remote areas poorly served by transport and communication networks. The neglect and marginalization of the older persons in these regions is accentuated. Finally, urban poverty is becoming a growing phenomenon and one of its associated problems of squatters springing up everywhere, presents implications to the family and older persons. The state has provided or subsidized

low-cost housing, to meet the needs of migrants from rural areas. Still, the cost of the houses is beyond the means of a number of the migrants.

The impact of urbanization on older persons will be further explored in the sections below by examining the quantitative data and case vignettes of the different experiences of male and female older persons, but we will first look at the population trends of Sarawak.

The Ageing Population

A significant increase in the proportion of its ageing population can be observed in the last three decades. The number of its population aged 55 and above in 1980 was approximately 108,600 or 8.03 per cent of the total population. By 1990, the number had increased to approximately 141,400, which was equivalent to 8.39 per cent of the total population. In the following decade, this increased to 181,900, which was 8.81 per cent of the total population of Sarawak. Although the starting point of 55 years in defining older persons has skewed the number, this figure is nevertheless useful for the purpose of programme planning and service provision. For comparison purposes, a breakdown of the population aged 60 and above against the total population in the year 2000 and 2004 is shown in Table 13.3.

In the "Ageing in Sarawak" study, about 60.0 per cent of the respondents were between 55 and 69 years old (the young old), 27.3 per cent were 70–79 (the old), and 12.7 per cent above 80 (the oldest old). A further breakdown shows that out of the 22.7 per cent who were 75 years old, the majority (60.0 per cent) were women. What is interesting to note is that figures from the Sarawak Statistics Department showed that it was only in the 1990s that the number of older women began to exceed that of older

TABLE 13.2
Number of Population Aged 55 and Above: Sarawak, 1980 to 2000

Year	Number of Older Population (in thousands)	Total Population (in thousands)	Percentage
1980	108.3	1,351.1	8.03
1990	141.7	1,657.8	8.39
2000	181.9	2,065.0	8.81

Source: Department of Statistics, Malaysia (Sarawak Branch), 2002.

TABLE 13.3
Number of Population Aged 60 and Above: Sarawak, 2000 and 2004

Age	2000	2004
60–64	44,700	54,200
65–69	34,600	39,500
70–74	25,300	27,100
75+	28,900	35,100
60+	133,500	155900
Total Population	2,071,600	2,262,700
Percentage against total	6.4	6.8

Source: Social Indicators Bulletin, 2000–04, author's calculations.

men. In 1980, the percentage of male older persons was marginally higher at 8.1 per cent compared with 8.0 per cent for female. In 1990, there were 8.8 per cent women compared with 8.0 per cent men aged 55 and above. This increasing trend can be seen in the figures for the year 2000, when the number of women increased to 9.7 per cent compared with 8.0 per cent for men. This is consistent with national figures. Tan and Masitah (1997) observed that prior to 1970, the lower number of elderly women compared with men is largely due to the higher female mortality as a result of high maternal mortality rate at that time. Since then, better medical and health services, specifically, greater knowledge and availability in reproductive and maternal health care, including access to family planning, have enabled more women to live until old age. Although the figure above seems to suggest that Sarawak may have been some 20 years behind compared with the national trend, it is apparent that Sarawak is experiencing the global trend of the feminization of ageing (Arrows for Change 1999; Global Commission on Women's Health 1994). The issues concerning older women, therefore, warrant special attention.

The increasing number of older persons raises many issues of concern particularly, those related to their social and financial security. These issues are most pressing when we take into consideration the lack of a pension scheme for non-government retirees in Malaysia. Furthermore, the Employees Provident Fund does not have universal coverage; it excludes workers who are employed on a part-time, temporary basis, it is not compulsory for people who are self-employed, and the wage limit for eligible contributors of RM400 a month (raised to RM500 in 1963) render many low-income earners ineligible (Lee 2001). Worse still, the Welfare

Department's financial assistance scheme for the older persons at a rate of RM130 a month is a stringent, mean-tested scheme, only for those who are in dire need. Eligibility for the assistance includes those who are without family support, are abandoned, or disabled.

Thus, the problems faced by older persons from low-income groups are particularly pressing when support from their children are not forthcoming, either because of physical distance or the latter's economic constraint. Against the above backdrop, I will now explore the social and economic support of older persons based primarily on the "Ageing in Sarawak" study. Respondents' economic resources were assessed based on their income, home ownership, and pattern of monthly expenditure.

Work, Social, and Economic Resources

Income of Older Persons

The monthly income distribution of the respondents ranges from as low as RM200 or less, to as high as RM3,000 or more, as shown in Table 13.4 below. The average income was between RM400 and RM600 a month. The data also revealed that 44.3 per cent of the respondents was receiving RM600 or less, with just over 18.0 per cent receiving less than RM200 a month. Slightly less than 15.0 per cent of the respondents was receiving RM1,000 or more, and 4.3 per cent, receiving RM2,000 or higher per month. The 26.3 per cent who either did not know or did not want to state their income is of concern as they were more likely to be those who did not have any cash income.

TABLE 13.4
Distribution of Respondents by Monthly Household Income

Income Level	Frequency (N=600)	Percentage
RM200 or less	108	18.0
RM201 – RM400	86	14.3
RM401 – RM600	72	12.0
RM601 – RM800	48	8.0
RM801 – RM1,000	38	6.3
RM1,001 – RM2,000	61	10.2
RM2,001 – RM3,000	14	2.3
RM3,001 and Above	12	2.0
Non-response or Missing	161	26.8

Source: Social Development and Urbanisation Council, Sarawak (2005).

A further analysis to determine whether there is any relationship between age and income of the respondent shows a modestly significant inverse relationship between the two variables. In other words, the older the person is beyond retirement age, the less income they receive. One of the reasons for this is that older persons often have difficulties in either finding jobs or they simply cannot actively involve themselves in economic activities anymore due to declining health.

Table 13.5 shows the breakdown of the distribution of income by gender, which indicates that there is a significant association between gender and income level. Specifically, the data reveal that more elderly women belong to the lower income group. This can be explained by women's lower level of participation in the labour force because of their traditional gender role, and the comparatively lower educational achievement of women of this generation.

Source of Income

As shown in Table 13.6, 36.5 per cent stated that their main source of income derived from their current employment, 22.0 per cent lived on pensions, and slightly more than 10.5 per cent received gratuities. On other sources of income, 21.6 per cent received income from rentals and/or interest earned from their investments; less than 2.0 per cent

TABLE 13.5
Income Distribution by Gender

Income include spouse's in a month	Gender		Total
	Male	Female	
Don't know	53	104	157
Less than RM200	40	68	108
RM201 – RM400	34	52	86
RM401 – RM600	33	39	72
RM601 – RM800	32	16	48
RM801 – RM1,000	23	15	38
RM1,001 – RM2,000	45	16	61
RM2,001 – RM3,000	11	3	14
RM3,001 and above	10	2	12
Total	281	315	596

Source: Social Development and Urbanisation Council, Sarawak (2005).

FIGURE 13.1
An Older Woman Weaving a Basket at Her Home in a Remote Village

Source: Photo courtesy of Lee Ya Yun.

TABLE 13.6
Distribution of Respondents by Their Sources of Earnings

Sources	Frequency	Percentage
Employment	219	36.5
Retirement pension	132	22.0
Gratuity	63	10.5
Rental/interest from investments	129	21.5
Workmen Compensation SOCSO	8	1.3
Retrenchment benefits	22	3.7
No response	27	4.5
Total	600	100
Assistance from family members	397	66.2
Financial Aids from charitable organizations	5	0.8
Financial Aids from Welfare Department	36	6.0
Family member on Financial Aid from Welfare Department	13	2.2
Other sources	16	2.7
Not receiving any assistance	133	22.1

Source: Social Development and Urbanisation Council, Sarawak (2005).

received workmen compensation SOCSO (Social Security Organization) payment; and about 3.7 per cent received retrenchment benefits. It is also worth noting that of the 129 (21.5 per cent) who had rental or investment income, half of them had a pension, and 42 (32.5 per cent) of them were still working.

It is heartening to note that 397 respondents, or 66.2 per cent of the total respondents, indicated that they regularly received financial assistance from their family members. Furthermore, assistance from their families was the only source of income for 280 (70.5 per cent) of the 397 respondents. Almost 6.0 per cent of the respondents received financial aid from the Social Welfare Department in their own name and 2.2 per cent lived with one family member who received assistance from the department.

About 46.3 per cent of the respondents indicated that they needed financial assistance beyond what they already had. In assessing their monthly expenditure, it was found that most of their income was spent on food, utility bills, and transportation. In addition, it must be emphasized that 42.3 per cent of the respondents still had to support their children, and most of them (29.3 per cent) had between one and two dependants, mainly their younger children who were still in school, while some others had unemployed children. The detail breakdown is shown in Table 13.7.

Work: Current and Previous

Table 13.8 shows the work status of older persons at the time of the survey in 2003. About 15 per cent reported that they worked full-time, while 12.5 per cent worked part-time. A small percentage of 4.5 per cent

TABLE 13.7
Distribution of Respondents by Number of Dependants Supported on the Income

Number of Dependents	Frequency (N=600)	Percentage
None	346	57.7
1–2	176	29.3
3–5	61	10.2
More than 5	17	2.8
Total	600	100.0

Source: Social Development and Urbanisation Council, Sarawak (2005).

TABLE 13.8
Respondents' Work Status

Work Status	Frequency	Percentage
Working full-time	91	15.2
Working part-time	75	12.5
Retired and re-employed	27	4.5
Retired/not working	317	52.8
Not employed and seeking work	17	2.8
Not employed due to poor health/disability	73	12.2

Source: Social Development and Urbanisation Council, Sarawak (2005).

were retired and re-employed, mostly employees of the civil service or corporate bodies, who were either re-engaged by the same employer or were able to take up another employment after retirement. This makes a total of 32.2 per cent of the older persons who participated in the workforce. Of the other 67.8 per cent who were not in employment, 52.8 per cent of the older persons reported that they were fully retired (and apparently not seeking a job), however, another 2.8 per cent were actually seeking a job, while yet another 12.2 per cent were not employed because of ill health and disability. The last two categories warrant special consideration in planning for re-employment opportunities and income support schemes for older persons.

Information was also gathered on the type of employment that the older persons had been engaged in for most of their life. As indicated in Table 13.9, most of the respondents (45.5 per cent) were self-employed (mainly farmers and business operators) for most of their working life. Only about 19.5 per cent were government employees and only 6.0 per cent were previously employed in the private sector. The rest (26.2 per cent) of the respondents were housewives. However, further analysis revealed that many of them were, in fact, not "just" housewives, but were engaged in farming and farm-related income generating work, and home-based businesses such as dressmaking, hairdressing, and cake making (Ling 2006).

As a comparison between older men and women, only 5.0 per cent of the older women interviewed had been employees in the government sector in comparison to 36.0 per cent of the older men. This is largely due to the women's lack of formal education and, no less, the male bias in

TABLE 13.9
Previous Employment

Previous employment	Frequency (N=600)	Percentage
Self-employment	273	45.5
Government employee	117	19.5
Private sector employee	36	6.0
Housewife	157	26.2
Others	17	2.8

Source: Social Development and Urbanisation Council, Sarawak (2005).

government recruitment into the civil service. The figure in the private sector also depicts a similar situation in which only 2.0 per cent of the women were former employees compared with 10.0 per cent of the men. The low labour force participation of older women rendered them financially dependent, put them in a vulnerable position in the event that they survived their husbands, which was likely, given their longer life expectancy.

The question was also asked if the older person's spouse had been employed before and it was found that 259, or 43.1 per cent, indicated that their spouses had been employed before (Table 13.10). This shows that the majority of married couples did not have dual incomes during their marriage years. Therefore, they will have fewer assets and less retirement income than the couples who always had dual incomes. Not surprisingly, the one working spouse was more commonly the male, as 203 women reported that their husbands had worked before, whereas only 56 men replied that their wives had worked before. Out of this, 89 of the 259 reported that their spouses were still working. This represents 14.8 per cent of the total respondents whose spouses were still employed.

TABLE 13.10
Distribution of Respondents by
Spouse's Previous and Current Employment Status

Spouse had Job before	259 (Male: 56/Female: 203)	43.1
Spouse Still Working	89 (Male: 38/Female: 51)	14.8

Source: Social Development and Urbanisation Council, Sarawak (2005).

Interestingly, the percentage of female spouses still working was much higher, 67.8 per cent (38 out of 56) compared with 25.1 per cent of male spouses (51 out of 203). A possible reason is that as men are more likely to marry women of younger age, the female spouses had not reached retirement age.

The quantitative data above provides a glimpse of the social and economic resources available to support the ageing community. An apparent point is that older people who had previously been government employees can be assured of income support in the form of pension or gratuities. For others who were self-employed, there may be varying situations. Those who were able to engage in, and made a lucrative business enterprise which capitalized on the industrial and service sector development, could enjoy a secure old age. For those who were in the informal sectors and in subsistence farming, their income security was uncertain as they did not have pension nor other forms of financial security, or savings to fall back on.

To have a better understanding of how different groups of the elderly community fare in the face of urbanization, illustrative vignettes are presented below. To ensure anonymity, pseudonyms are used and the names of the villages where they lived have been withheld.

Urbanization as Experienced by Different Groups of the Ageing Community

Urban Elders

Urban elders who have financial resources are able to enjoy the benefits of urbanization. They are also those who have benefited from the better educational and employment opportunities in urban centres. Modern amenities and infrastructure in these centres bring about greater social support and better health care.

Leman, a 60-year-old Malay man living in Kuching, who retired five years ago from his job as senior clerk in a government department, is one such elderly person who enjoys a positive life. With the pension he is on and a small allowance he receives as an appointed *penghulu* (community leader), he has enough to enjoy a fairly comfortable live. Being a *penghulu*, he keeps himself very active. His three children are all well educated with good jobs and married with families. With his wife, he visits two of his

FIGURE 13.2
A Group of Older Men Gather at a Shopping Mall

Source: Photo courtesy of "Ageing in Sarawak" research team.

FIGURE 13.3
Older Persons Dancing at a Senior Citizens' Service Centre

Source: Photo courtesy of "Ageing in Sarawak" research team.

children who live and work in Peninsular Malaysia about twice a year, and enjoys "going places" and holidaying.

Another example is Siew Lan, a Chinese woman who lives with her husband and married children and grandchildren in the heart of Sibu Town. Besides her five children and thirty-one grandchildren, she has a close social support network through the local Methodist Church in which she has been an active member since her teens. A home maker most of her life, Siew Lan had education up to junior secondary school. Living in a fast developing town, she is well informed about existing services through her social networks. Financially, she is well supported by her husband and children and this enables her to enjoy modern facilities and services. The health care services offered through both government hospitals and private clinics have provided her with the facilities to have a cataract operation a few years ago.

Older persons such as Leman and Siew Lan who live in the town centre are able to tap into the urban facilities. Many of them are engaging in social activities through religious organizations or Senior Citizens' Clubs which are becoming very popular in the town centres in more recent years. In Kuching alone, there are some ten senior citizen associations — two initiated by the government, and others, NGOs and ethnic based. There are also naturally formed senior citizens' groups who gather at shopping malls such as the Beautiful Jade Centre in Miri (Social Development and Urbanization Council 2005).

Problems arise when older persons become frail and disabled, and in the absence of day care facilities and home help services, the burden of care can be hard to bear for the caregivers, usually daughters or daughters-in-law. Other families engage domestic helpers to care for them, and for yet others, it is not uncommon that domestic paid workers may be the main caregiver where daughters or daughters-in-law work outside the homes. Alternatively, some families resort to sending their elders to privately run nursing homes or the government run old-age homes, which is often not the preferred choice of the older persons themselves. In the case of infirm older persons, the quality of care is influenced by the income factor — as families from middle/upper income groups–are able to afford better care services for their elderly, but the care of those from the lower income groups can be limited by financial constraints and absence of caregivers.

Migrant Elders

While rural-urban migration is often a choice made by younger people in search of better-paid jobs, older persons who migrate to towns to join their children or relatives do so due to a number of pull and push factors. Some do it by choice, others have to because of their failing health and increased dependency. For still others, it is because their assistance is needed in providing childcare and support to their children, particularly in families where the mothers work outside the homes. How does this group fare? There are varying scenarios.

Migrant elders who are in areas which may be termed *desakota* or village-town (McGee 1991) or villages located at the periphery of urban centres are able to reap the benefit of both urban facilities and rural living. Increasing penetration of infrastructural and economic development beyond the city boundaries, particularly in the Kuching and Samarahan division, has meant that many who used to be rural dwellers are now able to work in the town during the week and *balik kampung* (go back to the village) over the weekend. Many of them still keep their houses and land in the villages and so the ties between rural and urban communities are maintained.

However, not all migrant elders enjoy the benefits of both. The different rates of urbanization, the distance and the vast differences between rural and urban centres in regions outside the major town centres, mean that for many elders, especially those from the indigenous minorities, the migration to town has been a difficult experience as Martha's experience illustrated below shows.

Martha, a 71 year-old Kenyah woman living in a small village in Marudi, reluctantly went to live with one of her married sons in Miri four years ago when her husband passed away. As both her son and daughter-in-law are at work during the day, she has to look after her four-year-old grandson. She does not have any cash income and is not considered eligible for the Welfare Assistance scheme under the Welfare Department since she can depend on her son. Although she is independent within the confines of the home, it is a different story when it comes to outside activities. She is totally dependent on others when using modern technology such as even a telephone. Using public transportation, for example, getting on a bus, is a struggle for her. She feels alienated in a hectic urban environment such as Miri and misses the peace and calm of her village.

This strong sense of being trapped in an urban home which is not one's own and the yearning to be back to the rural village is probably best exemplified by the case of a 94-year-old woman who tried to "escape" from her son's house as reported by a local newspaper under the headline "Runaway granny stuck under her son's house fence" (*Borneo Post*, 13 July 2007). The elderly woman was brought by his son from her longhouse to live with him in the town centre so she could seek treatment for her aching knees. Although she felt alienated in the urban environment, going back to the longhouse was not seen as an option as there is no more family members or relatives back in the longhouse who could care for her.

Migrant elders, therefore, face the problem of adjusting to an urban life, particularly those who come from ethnic community groups who have not established a support network. Language and cultural barriers, as well as modernized living, pose challenges to their mobility and opportunities for social interaction, and affect their mental health. Although the incidence of elder abuse is not alarming, it is an area to which attention will need to be directed (Aitken and Griffin 1996).

How is the situation then for the elderly who live in the rural areas?

Rural Elders

Rural elders who were farmers most of their lives are most hard hit by urbanization. Firstly, in a cash economy, subsistence agricultural activities meant that they have not had much savings. Secondly, retirement for a farmer does not exist and only comes when they can no longer walk or work. Furthermore, those with advancing age or deteriorating health are finding it difficult to work in their farms, but have to do so, to sustain a livelihood. The situations of the following elderly persons highlight the predicament faced by many rural elders.

Kaban, a 77-year-old Iban from a rural region in a subdistrict of Miri, has been an active farmer since adulthood. Presently, he continues farming and sells bananas once a week, and occasionally, paddy as well. He disclosed that his income is able to meet household expenditure such as food, goods, rental, utilities bill, and transportation, which come up to less than RM200 per month. Fortunately as he owns the house he is living in, he only needs to pay RM170 of tax per year for housing. His expenses are shared by his youngest daughter and son-in-law who live with him. Although he has worked with the State Agriculture Department previously for two years, he is not entitled to any gratuities. As age catches up with

him, he feels that it is becoming difficult for him to cover all his needs with the amount of money earned by his family. He is also worried about his children's future as the expenditure of the family keeps increasing. Under the State Welfare assistance scheme for the elderly, Kaban will not be eligible for assistance should he quit working or if an emergency arises. He will need to look towards his five children for support.

Another 58-year-old Bidayuh man, Binda, is in no better position than Kaban. Hailing from a small village in a subdistrict of the Kuching Division, he has been a farmer for most of his life. He had never really determined how much he earns exactly in a month, but it is barely enough for him to support his family, especially his children. His unpredictable source of income comes mainly from selling crops from his farm when he can, plus regular, but varied, financial assistance from seven of his twelve children who are already working. However, the other five are still in school and depend on him for support. He is worried about his financial situation in the future because he is getting older and the cost of living is getting higher. To cope with the problem, he borrows money from his relatives.

The cases above highlight the fact that one of the most critical problems facing the rural elderly community is the lack of economic resources available to them. Occasional remittances from children are hardly enough to cover their basic needs. The absence of retirement benefits and the difficulties of obtaining Elderly Persons Assistance will leave them in a vulnerable situation as they get older and when their health condition deteriorates. What makes matters worse is the fact that some elderly individuals are still supporting some of their younger children who are still in school. These elderly people will be facing an even bigger financial problem, as most of them do not normally have any savings.

Unlike their urban counterparts, the ageing rural farming population has limited opportunity, if any, to be involved in other income generating economic activities. As their health deteriorates with advancing years, daily expenditure is likely to increase as a result of expenses needed for medical treatment, and their predicament is compounded as public specialist health care is non-existent in rural areas.

Older Women

The situation faced by elderly women warrant further consideration. Although there are positive images of ageing for older women such as in the case of Siew Lan described above, the growing number of elderly women associated with high widowhood status, their low labour force

participation rates, low level of education, and lower health status in the Asian and Pacific region as noted by UNESCAP (1991) make a case for special attention to be given to older women. The impact of urbanization on older women varies. Those who have had educational opportunities and economic independence are those who benefit most; for others, urbanization has rendered them socially and economically dependent, in turn increasing their vulnerability (Ling 2007). The case of Nisah below is a sad story of one older woman who typifies the forgotten ones in the face of urbanization.

Nisah is a 76-year-old Malay woman who lives alone at a small village on the outskirts of Miri since her husband's death ten years ago. Nisah's two married sons work and have settled in Miri. Her contact between her and her two children is poor and far between and she cannot even remember when was the last time the children came to see her. Neither does she have any idea how many grandchildren she has. Her younger sister who lives nearby is her only source of help in times of need. She receives financial aid of RM100 per month from the Welfare Department's Elderly Persons Assistance Schemes and some support in the form of food and other materials from the local community. She suffers from high blood pressure, a circulation problem in the arms and legs, and haemorrhoids; she also needs supportive devices such as glasses, a walking cane, and dentures. Home assistance in all her daily activities will be what she needs but these kinds of services have yet to be developed to reach elderly persons such as her.

Another 65-year-old woman, Mirian, who has been widowed for more than twenty years is also struggling for a living. She lives with her daughter who is also a widow, and three grandchildren. Physically she is in a good enough condition to carry out her daily activities of farming although she sometimes complains about pains in her joints. Mirian also takes the responsibility of assisting her daughter by taking care of the grandchildren. Between them, they have less than RM400 a month, including the small amount given to the daughter by the welfare department, to spend on food, goods, utilities, and transportation. It is difficult for them to meet their monthly needs.

Emerging Issues and Policy Implications

The above discussion shows that urbanization in Sarawak has brought about various impact on the ageing community. In general, for those in urban centres and from higher income groups, urbanization has brought

new opportunities and benefits. Greater infrastructure and telecommunication developments have facilitated the care and support of many older persons despite greater mobility and out-migration. In some regions, urbanization has meant the blurring of urban and rural areas and so enabled urban workers to *balik kampung* (go back to the village) every weekend. This, in turn, means social support and remittances can easily be provided to their elders. However, for many others, because of the distance and absence of communication infrastructure, or due to transmigration, they are left behind in the villages without any substantial income or social support. The needs of these rural elders become most acute as they are not on a pension, nor have EPF (Employees Provident Fund) under the current system.

The need for a financial support scheme is urgently needed for older persons who are in the lower income groups. Financial support schemes could be designed either for the older persons themselves or for the families who care for their elders. A two-pronged approach of financial support in the form of increasing income and reducing expenditure is recommended. First, to help increase income, employment opportunities both full- and part-time work, need to be opened up for older people from across the educational spectrum. This will require establishing retraining schemes and job placement services, plus reserving specific jobs for those above 55 years of age. It is also recommended that the retirement age be raised to 60.

Secondly, support in the form of helping older persons to reduce expenditure is recommended. In addition to senior citizens' fares on MAS airline, bus fare concession for elderly persons, special rates for pensioners' essential utility bills (water and electricity) will help elderly people from low-income groups. For telephones, the rental fee and the first RM20 of monthly telephone usage could be waived or set at a lower rate.

Regardless of the level of the last drawn salary of the pensioners, a minimum pension consistent with the figure set for the poverty line income (PLI) is recommended to minimize the number of older persons living below the poverty line. A comprehensive pension scheme which covers all, including the daily paid and those formerly self-employed, needs to materialize in the near future (Lee 2001).

As there is a proportion of the ageing population who still have dependent children to support, priority for assistance schemes and educational loans should be given to students with elderly parents. To

reach all in need of the educational loans, schools should systematically send the forms to all parents above retirement age and ask them whether they are eligible.

Financial assistance to older persons needs to be reviewed in terms of its adequacy, conditions for eligibility, and scope of coverage. Financial assistance should be made accessible to ethnic minorities who live in the deep interior. Despite being able to live on their land, they are losing close relatives who migrate to town and seeing the gradual introduction of a cash economy in their areas — reasons that warrant special attention be given to this group.

Forms of financial and social support are interrelated. Indigenous minorities who have migrated to towns are the hardest hit financially and socially as they are in the lower income group and have also not established the same kind of social support networks as some of the other ethnic groups. The modern system of communication, transportation, and basic services poses a formidable barrier to some, and this is compounded by their illiteracy in the national language. This needs to be addressed by providing more opportunities for them to mingle with their peers. Senior Citizens Service centres need to take this into consideration and cater for cultural diversity employing staff from different ethnic backgrounds to help older persons communicate their needs.

The older women's situation needs to be given special attention. Urbanization has seen the watering down of traditional respect for the elders. Older women are even more affected by that as they often do not have any social and economic power. In addition, because of their longer life expectancy, elderly women's ability to live independently is handicapped by their disability in the later years of their lives. Women may also be more vulnerable to abuse and neglect compared with men (Aitken and Griffin 1996; Jack 1994). In addition, the entry into the workforce of daughters and daughters-in-law, coupled with the traditional role of women as caregivers means that the elderly women are thrust into the role of childminders for the grandchildren. Depending on their health status and the presence of other support networks, some may find this enhances their social role, but for others, it is a burden. Taking on a childcare role may be limiting an elderly woman's opportunity for social and, perhaps, economic independence.

In conclusion, in concurrence with a point stated in the Shanghai Implementation Strategy 2002, there is a need to mainstream ageing into

development policy. A case must be made here to recognize and support the valuable contributions of older persons, especially for unpaid activities, such as caring for family members, transmission of cultural values, household maintenance and voluntary services in the community — as stated in the above strategy. This is particularly relevant for the ageing community in Sarawak, particularly those in the informal sector, live in the rural areas, and engage in subsistence activities.

Notes

1. The author is one of the member researchers. I wish to acknowledge the contribution of the other members — Spencer Empading, Gill Raja, and Zuraidah Abdul Rahman. My appreciation is also extended to the Ministry of Social Development and Urbanisation, Sarawak, for its permission to publish the findings of the study.
2. The Ageing study defined those 55 and above as an elderly person. While it was recognized that the recent National Policy for the Elderly defined those who are 60 and above as elderly following the World Health Organization's categorization, in this study the starting point was extended downwards to coincide with the government's lowest official retirement age of 55. This is also in line with the policy in developed countries for definitions to be linked to the age at which people are eligible for a state pension (Tinker 1997). A younger starting point is also justified, as life expectancy in developing countries is lower than in developed nations. Estimated life expectancy in Malaysia in 2004 was 69.29 years for men and 74.81 for women.
3. Ishak Shari et al. (1997) suggests that this sharp increase may be due to the redefinition of urban in the 1991 Population Census to include a gazetted area with its adjoining built-up areas, which have a combined population of 10,000 or more. The other two major criteria of urban include one in which 60.0 per cent of its population is engaged in non-agricultural activities, and 30.0 per cent of the housing units has modern toilet facilities.

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PART V

Roles of Government and Civil Society

14

AGEING, FINANCE AND CIVIL SOCIETY
Notes for an Agenda

Philip Kreager

At the turn of the twentieth century, social and political movements under the banner of civil society had become widely recognized forces of public debate and policy reform in many parts of the world. "Civil society" refers broadly to institutional activities, largely or entirely independent of the state, that provides information and enables open discussion of contemporary issues. Civil society often extends to the provision of services where state activities are insufficient. Exact definitions of civil society, however, have always been difficult, since its institutions exist in relation to the structures of the state, and the capacities they are able to develop are bound to vary accordingly. Because states in some parts of world and stages of history have tried to stifle independent discussion, the state and civil society are sometimes seen as inherently opposed. More generally, however, the state and civil society are mutually reinforcing, a flourishing and open civil society depending on a strong, democratic state, and vice versa.

To understand the renewed importance of civil society, at least three recent and major historical developments need consideration. This chapter

begins by outlining these, as this helps us to see both how forms of civil society vary, and why the values and institutions of civil society provide a crucial link between finance and ageing. There are, however, limitations and unsolved problems, at least in Western traditions of civil society. Just because the phrase "civil society" and its most widely advertised traditions are closely associated with the West, we should not approach issues of ageing and finance as if they can be resolved simply by applying European models.

Two correctives may be introduced. First, there exists a substantial body of historical scholarship on the problems that European civil society has experienced. These problems may be observed both in market-driven solutions and socialist variants. Population ageing turns out to be a good example of the kind of economic and social problem that European models have found difficult to address. This suggests that the developing world will need to build its own innovative solutions to how the state and civil society organizations can work together. Second, the example of civil society institutions in Indonesia is introduced as a case study that enables differences from, and similarities to European experience to be observed and discussed. The outcome of this chapter is thus not to propose immediate remedies, but to identify the tasks that need to be addressed.

Civil Society Centre Stage

The late twentieth century developments that led to a convergence on civil society as a critical body of institutions for political, social, and economic development may be listed under three headings, each of which is briefly introduced in this section. As is (perhaps painfully!) obvious, the topic I address in this chapter is the product of wide-ranging historical forces. There is not the space to give the differing and complex developments that compose this background their due. The three sources of civil society's renewal are not, however, mere background. Each of them exercises, individually and in conjunction with the others, an important influence on the choices we face as to how increasing older cohort sizes can be financed. As I shall argue, ageing is not topical today only because people have woken up to the implications of brute population trends. Obviously, the closer we come to large-scale age-structural imbalances, the more pressing they appear to be. Now that the baby boom generation in Europe and America is starting to retire, for example, the implications for pension and health systems are no longer the worry of a few specialists: politicians and

the media are full of alarm — but not, as it happens, solutions. The importance of ageing trends was remarked by economic demographers some time ago, first in the context of declining European birth rates of the interwar years (for example, Reddaway 1939), and later in the era of the baby boom (for example, Spengler 1959, pp. 810–11). If the subject has waited to attract the general attention it now receives, that is not merely because governments failed to heed demographers' warnings.

Population ageing is a difficult and controversial issue because it raises wider strategic issues about the nexus of public and private government that are contentious and unresolved. The topic of ageing and civil society is a shibboleth of powerful competing traditions of political economy, the familiar conflict between neoclassical and social democratic state models. Truly comprehensive social welfare, health care, and pension systems are now recognized by both sides of this conflict as beyond the capabilities of modern governments, at least in the foreseeable future. Criticism of the welfare state, and the collapse of authoritarian regimes in a number of countries, has helped to open up recognition of the need for non-governmental agencies. Competing views as to how much the state can and should do, however, leave its relationship to these independent organizations uncertain.

If, on one hand, there are differences over how far the state's responsibilities should go, there remain, on the other, troubling ambiguities about the true nature and functioning of civil society organizations. For one thing, they come in many different forms: voluntary help and self-help networks; traditional and modern religious organizations; local representatives of international organizations; pressure groups and political lobbies; and combinations of all of these. Non-governmental organizations concerned about ageing often have other political, moral, and economic agendas, and ageing may be secondary to them. Support for older persons can also raise serious ethical issues — decisions, for example, regarding appropriate medical and financial practices. A number of difficult questions, therefore, arise. How can independent organizations be regulated without compromising their independence? What quality standards apply to services they provide? What is the relationship between different civil society organizations carrying out similar activities? Do these activities, and those provided by the state, need to be coordinated? In what circumstances is state support for independent activities legitimate? Arguably the greatest problem is the lack of systematic study and evidence of how, and how well, civil society organizations that provide services for

older people are actually functioning. Assisting the growth and effectiveness of civil society organizations depends on answers to these questions.

We turn now to the three historical developments that have stimulated these questions. Reviewing these developments helps us to identify a number of "other agendas" that are likely to impede the contributions that civil society organizations make to the older population.

Political Transitions from Authoritarian Regimes

Civil society acquired its current prominence in Europe with the spectacular collapse of Soviet hegemony in Eastern and Central Europe. It is no less significant in Southeast Asia, where countries such as Indonesia and the Philippines have recently thrown off long established authoritarian regimes. In such contexts there is some, perhaps inevitable, tendency to see civil society as forms of organization *in opposition* to the state. Partly this reflects the active suppression of independent organizations by authoritarian regimes such as the Soviet Union, which treated policy as the sole prerogative of state authority. Partly it has been due to the spectacular spontaneity of civil resistance, of which Indonesia, Poland, and the Ukraine, provide well known instances. Centralized authority is not, however, only an issue in dictatorships. The intellectual underpinnings of civil society, of which Habermas's *Structural Transformation of the Public Sphere* (1962) is a seminal example, also emphasized the problem of growing state centralization in the West. The danger is that centralized planning often succeeds in making policy which has no real basis in democratic franchise.

The advantages of the oppositional view of civil society are, however, limited. The upside, in the context of authoritarian regimes, is that the oppositional view sometimes enables disparate institutions that ordinarily do not even communicate with each other to be brought together for a common purpose. In perhaps the most famous instance — Poland — the Church, unions, intellectual cooperatives, peasant and student movements all converged into a mass movement of political, economic, and social reform (Ash 1999). The mass movement of *reformasi* in Indonesia in the period 1998–99 was characterized by the same kind of convergence (Baker et al. 1999; Hefner 2000; Nyman 2006).

The downside to the view of civil society as "oppositional" is that the role of reform movements changes radically once the hegemony of the

authoritarian state is broken and strategies appropriate to opposition provide few guidelines for subsequent action. Disparate groups that were able to unite against the regime then fall out in opposition to one another. Consensus becomes difficult to achieve, political parties proliferate, and vested interests remain. The economic and legal arrangements of the old regime prove difficult to reform; prejudices of religious, ethnic, and occupational groups against one another reassert themselves; and remnants of the old regime begin to consolidate economic positions and form political groupings that ensure their continued influence. The oppositional view of civil society may thus open a door to reform, but the door merely stands ajar. Put another way, in former communist states, the open functioning of civil society was forbidden, and so there was relatively little experience beyond covert opposition on which to draw subsequently. Fortunately, in other cases, like Indonesia, this has not been the case (Hefner 2000). Nonetheless, anyone who has followed, for example, the apparent difficulty with which legal proceedings have been instituted against Soeharto and his entourage, will recognize how difficult it is to move on to specific projects that address social and economic problems left by the old regime.

Remedying conditions of life for older persons constitute one such project. Regime change, as the cases of Poland and Indonesia show, is likely to be both precipitated and followed by economic dislocations. This is particularly important as it means that deteriorating circumstances of older persons are not only a problem projected for the future — it concerns millions of older persons in transitional societies *now.* Many older Poles lost their pensions, housing, and health care rights with the collapse of the socialist state. Only a minority of Indonesian older persons had ever enjoyed such coverage, but the economic crisis evidently worsened their family's economic circumstances. In both cases, limited state subsidies were enacted, but longer-term reform, for example of pensions, remains stalled (Arifianto 2004). Clearly, the political and economic crises in transitional countries have had major impacts on older age groups, from which important lessons need to be learned. In the tremendous turmoil of political transition, however, the older persons were not a priority. As we shall see in a later section of this chapter, limited evidence suggests that religious and community organizations, on which families customarily rely, were able to help out in the crisis period. This research base is, however, limited to a few communities, and our picture of what has

happened across a range of transitional societies is far from adequate (Kreager 2008).

Emerging Limitations of Welfare State Models and Private Sector Alternatives

Political transitions of a different kind were also going on during the last two decades of the twentieth century in Western Europe. There the key role of civil society again emerged as a central issue. To appreciate this, we need to keep in mind that not only in the Soviet sphere, but in much of Western Europe, post-war welfare states committed governments, on a massive and impersonal scale, to carrying out tasks that were previously the primary or sole responsibility of families and communities. While the intentions of post-war welfare reforms remain unexceptional, many of the practical outcomes have proven problematic. Unemployment benefits, health care, pensions systems, income supplements, and other types of support, were supposed to provide options for people temporarily or permanently unable to help themselves. Incomes policies, labour arbitration, redistributive taxation, and other controls were intended to ensure continuing high levels of employment. The immense scope of central planning in the era 1945–65 was in part a reflection of the recent success of macro-level planning, which had helped state interventions to reverse the economic depression of the 1930s, followed by the experience of planned wartime economies. Post-war planning, however, was also a reaction against fascist and national socialist planned economies in Germany and Italy, and against communism. The logic of post-war planning, often associated with Keynes, was intended to provide stability in a Cold War setting. There would be no slippage back into the unfettered market policies that had created and then proven unable to solve the Depression. Likewise, these policies would provide a guarantee against the appeal of fascist and communist alternatives (Berman 2006). In Europe not only Social Democratic but Conservative, Gaulist, and Christian Democratic parties supported centralized planning models. From the mid-1950s, international financial agencies and Western aid programmes exported versions of these models to the developing world. Here, however, planning often became a vehicle for single party control, whether communist (as in Vietnam) or in a variety of hybrid socialist experiments (for example, India, Egypt, Burma, Indonesia).

Habermas's (1962) essay on the necessary role of civil society was a warning that the prevailing orthodoxy of big government could stifle independent institutional organizations necessary to creating and sustaining freedoms. Civil society evolved, in his view, by creating a tradition of voluntary associations committed to public improvements, and a civic-minded middle class — a "bourgeois public sphere" which was the precondition of the tremendous nineteenth-century growth of the liberal market economy in Europe. However, by the late 1970s a more widely known critique of central planning had aligned civil society more directly with the foundations of neoclassical economics (Dahrendorf 1968; Cohen and Arato 1992) by arguing that the rise of free commercial enterprise and individualist rationality were not merely made possible by the evolution of civil society — these institutional and cultural forms are essential to civil society itself. The need for civil society, in this argument, shows that the welfare state was based on incorrect premises: the all-embracing reach of welfare states took away individual and corporate initiative, and undermined the role of voluntary associations, resulting in lower productivity, higher costs, unaccountable bureaucratic control, and vast inefficiencies (Wolf 2004). The restoration of free market conditions, in this view, is necessary to remove these problems, and to sustain the economic growth which will solve people's needs.[1] Many of the functions that had been assumed by the state, such as pensions and health care, should, therefore, be returned to the private sector.

The collapse of Soviet hegemony, in the same period that neoclassical arguments became prominent, apparently removed the appeal of socialist alternatives. The hybrid socialisms of Nehru, Nasser, Ne Win, Soekarno, and others had all by this faded time. And, as Judt (2005) remarks, generations born after 1945 had no experience of the economic suffering of the 1930s and the war it helped to provoke, which might have made them pause to question some economists' faith in the rationality of the marketplace as a guarantor of economic development and associated freedoms. Advocates of market solutions gained powerful ideological footholds in Western governments led by Thatcher, Mitterand, and Reagan. With Thatcher's reform of British state pensions in 1982, ageing for the first time became a major issue of public finance: the point was made that the scale of even modest (by European standards) pay-as-you-go state pensions could not be financed by shrinking younger cohorts without significant tax rises (Kay 1988).

More recent events have dampened the argument that market behaviour, civility, and social responsibility go hand in hand, and that commercial institutions are primary examples of civil society. In particular, the idea that market institutions will solve the main problems of financing elderly well-being has come in for strong criticism at the same time that the shortcomings of state provision have been confirmed.[2] The widening of economic inequality in Western Europe and in developing economies in Southeast Asia that accompanied the dominance of neoclassical arguments has become the object of intense criticism (Chang 2007). Perhaps most importantly, a sequence of financial crises have made it clear that private sector financial institutions cannot be counted on to achieve both strong flows of profit and guaranteed security for old people.

The elderly are obviously a group having potentially great vulnerability to economic crises, since their occupational flexibility is usually limited, and their incomes often depend on fixed resources or some proportion of those of younger family members, whose jobs may be exposed by a crisis. It is not, however, only those on modest incomes who are potentially vulnerable: better-off older people whose main economic years preceded recent market expansion have found that their private pension savings are being hit hard by market crashes. As Kindleberger (2005) shows, the argument that free enterprise stimulates civil values and responsibility is undermined by more than two centuries of speculative market behaviour, including five major disruptions of global markets in the last two decades. Particular market sectors in many countries have been hit by further crises.[3] Economic crises translate directly into financial problems for older people. In Britain, for example, following corporate losses in the technology bubble of 2000–02, it became customary for major personal pension providers, such as Scottish Widows, to issue clients with letters advising them that the future value of their investment may be negligible, and that they may be better off financially even in an unreformed state pension system. The outcome of the world's latest global financial crisis, stimulated by the collapse of the (so-called) "sub-prime" mortgage market in the United States, is currently in the balance. The potential damage is, apparently, inestimable, and has recently been described by the International Monetary Fund as the world's largest financial shock since the Great Depression (IMF 2008).

The demographic assessment that accompanied neoclassical criticism of welfare state approaches, however, still appears to hold. As period fertility rates have settled below replacement level, the reality of a shrinking

population base for public revenues appears unavoidable to many commentators (Chand and Jaeger 1996). Alongside exploitation of "parametric changes" to state pension schemes (such as increasing retirement ages), non-governmental organizations specific to ageing issues, such as Help Age International and Age Concern, have emerged as major civil society organizations functioning as political lobbies and coordinators of self-help associations. Unfortunately, as continuing market volatility and regulatory problems make clear, values of collective responsibility characteristic of civil society are likely to remain a subsidiary factor in commercial organizations. Meanwhile, it is not at all certain that non-governmental organizations addressing ageing issues can compensate for shortfalls in public and market provisions.

Civil Islam and the Economics of Ageing

The third force in the renewal of civil society as an integral component of modern development has been the growing recognition that cultural traditions outside the West also contain important civil society values and institutions. Possibly the most important of these are Islamic, particularly in view of the presence of Islam across a wide range of developing countries. The point, however, stands more generally: older generations in all cultures are a major constituency of lay and professional religious participation, and this creates opportunities both for involving older persons in their own welfare, and for drawing on existing and respected institutional structures as a framework for adapting to population ageing. As we shall see in the following section, older persons in Indonesia are commonly recipients of funds from Islamic charitable institutions; the research also shows that there can be close and positive cooperation between local government and mosque organizations.

Religious organizations, however, are examples of civil society institutions that have primary agendas other than ageing. The question of exactly what is being supported by these organizations, and how and whether they can work with the state or other civil society groups in fostering the well-being of older persons thus needs to be addressed. Unfortunately, other events around the turn of the century have coloured the perception of the role of religious organizations. As is well known, a small subset of independent Islamic groups acquired not only prominence but global notoriety by their advocacy of terrorism. Almost the whole of Western commentary on Islam has been influenced by this development,

and balanced perspectives can be difficult to find. This controversy does not, however, need to detain us here. There is a crucial and evident distinction between organizations (whether Islamic or otherwise) that define their activities as supportive of open and democratic government, and those that do not. Clearly, only the former are relevant to this chapter, since only they count as civil society organizations.[4]

Religious organizations are an important instance of civil society relevant to ageing because they have established indigenous institution-building capacities that provide services to older persons, amongst other members. From the standpoint of development programmes, existing civil society organizations carry potential for socially and economically integrated approaches. They have experience with local conditions and needs. Their networks exist for several purposes, and do not have to be built from scratch. Indeed, religious organizations may be amongst the few established institutions in a position to offer these advantages.

It is thus easy to see why religious organizations often become normal constituents of civil society in the course of modern development, and why they have an important bearing on finance.[5] The welfare of older persons for most of history has relied on families, on community networks (for example, patronage linking different status groups), and on religious organizations. Even in modern welfare states, the first and last of these support groups remain active, and in most of the developing world, all three are common. Of the three, however, only institutions associated with major world religions have figured prominently in the re-emergence of civil society as a major force of modern development — Indonesia and Poland again being widely acknowledged as cases in point. This is because their organizational and financial capacities are potentially much greater than the other traditional sources of support, in three respects.

First, like family and patronage networks, religious institutions put down local roots; but unlike them, they transcend issues of local and small-scale support because they are guided by wider precepts. Second, religious organizations are concerned not only with a population's spiritual welfare, but the material conditions that affect it. Much of religious thought and organization as it concerns human welfare is, therefore, addressed to ways of explaining and coping with inequalities. This often entails working out practical arrangements that constrain or compensate for the effects of supply and demand. As we shall see, central Islamic institutions, notably *zakat* and *sadaqah*, are intended to function in exactly this way. Third, because religious organizations are generally involved in education,

information, and institution building, they are recognized political constituencies that have established relationships with the state.

Welfare economics as a concern of practical religious thought and policy is brought out very well in the case of Islam by Ariff (1991, p. 2):

> The Islamic economy is a welfare economy, for Islam insists that economic pursuits of individuals through private initiatives should conform to ethical codes which would ensure that the activity of no one is consciously at the expense of any other. While Islam recognizes uneven wealth distribution as a fact of life ordained by God, it contains a system for an equitable redistribution of income and wealth, which is enforced through moral obligations and fiscal measures. The purpose is to bring about economic changes in such a way as to maximize the well-being of the community as a whole… Although there is a general consensus with regard to the need for state intervention in an Islamic economy, opinions among scholars differ on the question of the extent of state intervention permissible in Islam. Thus, some scholars tend to view an Islamic economy as one essentially based on individual freedom with minimal state interference, while some others are inclined to assign a more dominant role to the state.

These observations come from Ariff's introduction to *The Islamic Voluntary Sector in Southeast Asia*, a volume based on a seminar held more than fifteen years ago at the Institute for Southeast Asian Studies (ISEAS), Singapore. Since then ISEAS has co-sponsored a further meeting and volume, *Islam and Civil Society in Southeast Asia* (Mitsuo et al. 2001). Happily, I find that a substantial case has already been made for civil society, and more particularly, for Islamic civil society, in the development of this region. Ariff's remarks are helpful, moreover, since they show that religious thought has been concerned with the same fundamental issue that, as we have seen, became the subject of debates between neoclassical and welfare state economists in Europe: How can we better define and coordinate the roles and activities of independent organizations with those of the state? These debates in Europe are as yet inconclusive. The way is open, however, for us to look at existing Islamic and other civil society organizations in Indonesia and other countries that already have activities and services. Do working answers exist to the questions that European debates have not resolved?

Implications

Before turning to this question, we should summarize briefly what we have learned from this review of the emergence of civil society as a

necessary dimension of ageing policy and programmes. How has the rise of civil society as a policy arena shaped our awareness of ageing and of financial alternatives available for addressing it? To begin with, we have, we hope, cleared away any tendency to see civil society as something opposed to the state. Such a view merely reflects a particular stage of political development (resistance to authoritarian regimes).[6] On the positive side, political transition has, without doubt, helped the modern world to appreciate the power of civil society as a source of major societal change. In countries such as Indonesia and Poland, population ageing was not even on the policy agenda until transition from authoritarianism had substantially occurred. In the interim, however, we have noted that political transition may make older persons more vulnerable because of economic and social dislocations. The welfare and financial support that civil society institutions give are thus important because, at least, in some countries that support is going on now, while governmental ageing policy is entangled in debate.

Second, the limitations of welfare states and the claims of neoclassical economics have provided fundamental arguments and evidence for the necessary role of civil society, and for the extension of this role to addressing population ageing. They have helped to bring demographic issues to the fore, and have also served to clarify financial dangers inherent in one of the prominent "other agendas" that can affect ageing policies: the proposition that commercial institutions are sufficient agencies of civil society.[7] Broadly speaking, private financial institutions can create alternative pathways of support for some older persons, but do not at present appear able to provide security for most older persons. Western debates between neoclassical and welfare economists unfortunately do not provide us with secure answers either to the problem of how state and independent bodies can be coordinated, or what forms of regulation are appropriate to civil society institutions. Third, some existing civil society organizations, of which Islamic institutions are an important example, include provisions for the equitable distribution of finance and other support to potentially vulnerable groups, such as the elderly. These organizations are a potentially important source of knowledge about how current and projected ageing problems may be addressed. The caveat here is that independent religious and other organizations have a clear commitment to the values of civil society.

Institutional Support for Older Persons in Indonesia: Some Examples

From the preceding it is clear that the limits of centralized state planning, the difficulty of regulating private sector provision, the importance of independent institutions for participatory democracy, and the underlying demography of age-structural change, all make civil society organizations a critical component of policy and planning in an ageing world. A key question, then, is to what extent civil society organizations are ready to address population ageing, and to provide necessary support to older people? At this point, however, a strategic gap emerges in our knowledge about civil society institutions and their development that can no longer be ignored. There is very little in the way of systematic evidence and study of current elderly provision by civil society organizations. This problem exists not just in Indonesia, but in much of the developing world. In the case of Indonesia, several interesting syntheses have recently been published which provide a guide to the foundations of civil society in the country, and the problems encountered in the Soeharto era. We begin with a brief review of this literature, before turning to comparative evidence from village studies of the respective roles of state and independent financial support for older persons.

Three Views of Civil Society in Indonesia

Indonesia is fortunate in having a long tradition of independent organizations dedicated to collective well-being and development. Rooted in values of voluntary individual and community activity for the common good, these organizations draw on both local traditions and Islam to legitimize their activities. Characteristic foci of attention are education and health, charitable support for poor and vulnerable members of society, and contributions to building and other material improvements. The geographic and cultural diversity of Indonesia, together with Islamic ideas of economy and polity, have ensured that activities are mostly carried out in a decentralized framework. Particularly noteworthy are the financial resources on which these organizations draw, which emphasize voluntary individual contributions and the need for formal arrangements at the local level that redistribute a proportion of wealth for the common good. These

resources are characterized by the two financial institutions enjoined by the Qur'an and Hadith that carry out these respective functions, *sadaqah* and *zakat*.

The forms of independent organization that have grown up within this broad framework are of several kinds, as is characteristic of civil society. The literature has tended to distinguish three types of civil society activities, and a brief look at these will be convenient here. Civil Islam is undoubtedly the best known in Indonesia, given the prominence of two mass organizations, the Muhammadiyah (established 1912) and Nahdlatul Ulama (NU) (established 1926), and of a number of smaller Islamic reform groups. The origins of Muhammadiyah and NU lie in the need to articulate and defend Islamic thought and behaviour in the context of colonialism. After independence, each has continued to represent important political constituencies and to develop an extensive institutional base. With time Muhammadiyah, for example, has established a network of universities and schools, and maintains health and social welfare programmes at the community level. NU for a time experimented with party political activities, and members of both organizations have been active on the political stage. Both bodies, however, have explicitly rejected becoming political parties, and reasserted their focus on education and welfare. As civil society organizations, Muhammadiyah and NU have decentralized structures, with the consequence that welfare and educational activities originate and are carried out by local cadres. Their advocacy of democratic decision making, open-mindedness, and religious tolerance also underline their civil society status (Mitsuo et al. 2001).

A second expression of civil society is the emergence of popular demonstrations and organized opposition to the Soeharto regime in the period 1997–98. Nyman's (2006) recent book provides an introduction to some of these developments, particularly the involvement of student, union, and women's groups. This brief phase of Indonesian civil society, however, falls outside our current topic as it concerns neither established institutional frameworks, nor their financial bases and implications. The third form of independent civil activity is the immense growth of secular development NGOs which, as Eldridge (1995, p. 3) remarks, "must be numbered in the thousands", and which take on primarily small and medium sized health, environmental, and agricultural projects, and are committed to legal and human rights support. This expansion of independent organizations is, in effect, a modern expression of the

traditional Indonesian emphasis on public-minded voluntary associations at a local level, and underlines the established basis of civil society in the country. As Eldridge notes, no exact separation is possible between secular and religious activities. His review of these developments in the Soeharto era, however, is confined chiefly to secular bodies, and explicitly leaves out the charitable activities that are one of the main functions of Islamic civil society. This unfortunately leaves a gap in our understanding since surveys of Islamic civil society (Ariff 1991; Hefner 2000; Mitsuo et al. 2001) focus mostly on religious principles, historical precedents, and the development of civil Islam in its national setting, rather than the activities of its local organizations.

The Soeharto era was undoubtedly a difficult one for civil society, as the government commonly required local development projects to work in conjunction with government agencies, restricted their access to certain foreign sources of funding, banned union activity outside of government sanctioned labour organizations, and fostered discord amongst religious and ethnic groups. The decentralized nature of NGOs and of the main Islamic institutions generally enabled strictly local self-help projects to proceed, as Eldridge (1995) repeatedly observes, by carefully avoiding issues that might lead the state to stop them. The legacies of this era consequently include fragmentation of efforts, deep scepticism of the state, and a wariness of agendas fostered by external sources of funding. In these circumstances, it is not surprising that approaches to monitoring and coordinating independent projects have remained ad hoc. In this respect, the Indonesian experience marks no improvement on Europe's. On the positive side, however, by the 1990s individual initiatives had led to creative rethinking of Islamic financing, using *zakat* to support a wider range of local projects (Taufik 1991), and related Islamic banking initiatives (Hefner 1996). The political reforms of 2000 introduced locally elected governments without political vetting from the centre, and granted much greater budgetary control at the village level, thus creating opportunities for closer ties to local organizations.

An outstanding fact about the literature reviewed in this section is that the wide-ranging and often excellent discussion of the role of civil society makes no mention of population ageing. Yet independent NGOs do operate in this area, and the major Muslim organizations include welfare provision for older persons amongst their activities. A notable development is the recent meeting in the Indonesian province of Yogyakarta in which senior

members of Muhammadiyah met with Indonesian and Western academics to discuss the issue.[8] The subject of relations between local government and local mosque organizations, for example, remains an open question, yet this is arguably the fundamental level on which non-family provision for older people is carried out.

Zakat and *Sembako* in Three Indonesian Communities

Data collected by *Ageing in Indonesia*[9] provide a useful empirical introduction to the role that civil society organizations can play at the community level, and their relation to the state. In *Ageing in Indonesia*, three communities (one each in East and West Java, and West Sumatra) have been the subject of a longitudinal anthropological and demographic study since 1999. Families in the three communities commonly maintain a traditional agricultural base whilst drawing most of their income from participation in the wider economy. In 2000 the proportion of people over 60 years of age in the three communities varied between 7.3 and 18.0 per cent, this variation reflecting the important role of migration, as well as being a good sign of wider economic engagement: between 45.0 and 75.0 per cent of younger family members resided away from the villages, but the vast majority of these young people remained involved in family networks. The three communities are respectively Javanese, Sundanese, and Minangkabau. All are predominantly Muslim. Data collected include two rounds of randomized health and household surveys; observation and involvement in community life; semi-structured interviews with between 80 and 97 per cent of older people; and in-depth interviews with between twenty and sixty older people, in most cases complemented by interviews with other family members.

Surveys and in-depth interviews included questions on charity, both giving and receiving.[10] Table 14.1 summarizes receipts from three main sources in 2000: *zakat* (Islamic alms-giving or tax), *sembako* (rice subsidies, managed by local government), and *PJPS* (a state-sponsored health subsidy card).

One-third of households in Kidul receive *zakat; sembako* benefits almost half the households, and the health subsidy, one-quarter. In Koto Kayo, *zakat* reaches almost half the households, as the fund benefits from contributions from successful migrants living away from the community. The Minangkabau tradition of *rantau*, in which the individual and family

TABLE 14.1
Percentages of Households in Receipt of Charity in the Three Communities, 2000

	Kidul (East Java)	Citengah (West Java)	Koto Kayo (West Sumatra)
Zakat	34.0	17.5	46.9
Sembako	45.8	96.9	0.0
PJPS	25.2	75.3	0.0
N =	106	97	98

Source: Household Survey 2000.

status often rest on the economic success in migration, leads to high levels of family network organizations; migrants' associations, for example, provide a vehicle which reinforces the remittance of charitable donations. Koto Kayo is not included, however, in the two state welfare programmes, which may be related to its relative economic success.[11] In Citengah state, forms of support predominate, reflecting its long association with GOLKAR, the predominant party of the Soeharto era.

Whether charity goes to those who most need it is evidently a key question. For this it is necessary to examine receipts by economic strata of the household head (Table 14.2). No explicit scheme of social classes is normative in Indonesian communities, but socio-economic strata can be defined by aligning economic differences revealed in the surveys with

TABLE 14.2
Percentages of Households in Receipt of Charity by Strata, 2000

	Kidul				Citengah				Koto Kayo			
	1	2	3	4	1	2	3	4	1	2	3	4
Zakat*	12.5	10.0	42.1	85.7	0.0	9.7	19.1	55.6	0	36.1	56.7	66.7
Sembako	17.6	9.7	67.4	92.3	90.0	96.8	97.9	100.0	0.0	0.0	0.0	0.0
PJPS	11.8	9.7	29.5	72.7	60.0	77.4	78.7	66.7	0.0	0.0	0.0	0
N =	17	31	46	12	10	31	47	9	8	36	30	24

Note: * Only Muslim households.
Source: Household Survey 2000.

local terms of reference that people used to describe their own and others' relative social position. In-depth interviews provided ample opportunity to record local usage, and was also enhanced by observation of local events. The interview programme was able to draw additionally on the perspectives of several people within a given family network in interpreting survey data. We found that four distinctions recur in everyday speech: (1) wealthy; (2) comfortable; (3) getting by; and (4) dependent on charity. A more detailed account of the strata is given in Kreager (2006, pp. 8–9).

The evidence on *zakat* distribution shows that the poor are more likely to benefit than the rich in all three communities, and in the East Javanese community, local government officials also evidently direct state subsidies to the poorer strata. In Citengah, mosque officials responsible for *zakat* distribution clearly differ from local government on this score: *zakat* goes predominantly, but not entirely, to the two poorer strata, whereas rice subsidies and health cards are widely distributed to those in the better off strata as well as the poor. In Koto Kayo, distribution of *zakat* reaches higher up the economic scale (including, for example, more than one-third of comfortably-off households), but achieves less-than-perfect coverage among the poor. What is not apparent from the table, but emerges from ethnography, is that in-migrant (*pendatang*) households, all of which are found in strata 3 and 4, are not included in the distribution of *zakat*. Thus, whilst 79 per cent of poor households comprising the long resident or original (*asli*) population were given *zakat* in 2000, only half of the poor *pendatang* households received *zakat.*

Do older people have better or worse access to these forms of charity? Table 14.3 differentiates households with and without an older person and examines their access to charity. In Kidul and Citengah, there is clear evidence that "old households" have better access to *zakat* than "young households", and in Kidul, the same is true for *sembako* and PJPS. In Citengah, the focus on older persons' households is striking, with virtually no household without an elderly person in receipt of *zakat*. State assistance, as already noted, is distributed much less discriminately. In Kidul the difference is more tempered, with one in four young households, but two-fifths of old households, benefiting from *zakat*. In Koto Kayo the pattern is the opposite, with young households more likely to receive *zakat* than old households, although levels in both cases are higher than in the other communities. In this respect, the elderly are well represented in charity receipts in all communities, although there is considerable variation.

TABLE 14.3
Percentages of Older Persons and Non-Older Persons Households in Receipt of Charity, 2000

	Kidul			Citengah			Koto Kayo		
	Older Persons	Young	All	Older Persons	Young	All	Older Persons	Young	All
Zakat	41.8	25.5	34.0	34.0	2.0	17.5	42.0	52.1	46.9
Sembako	51.8	39.2	45.8	97.9	96.0	96.9	0.0	0.0	0.0
PJPS	28.8	21.6	25.2	76.6	74.0	75.3	0.0	0.0	0.0

Source: Household Survey 2000.

An important check on these patterns is to examine whether the distribution of charity simply reflects differences in the distribution of elderly households in each village's socio-economic stratification. This is given in Table 14.4. As this table shows, it is not obvious that older households in Java are worse off. In Kidul elderly households are more likely to belong to the two poorer strata than to strata 1 and 2. If we combine the lower two strata, however, the percentages of poor young and old households are very similar. In addition, households containing an elderly person are more likely to be wealthy. In Citengah we find little difference between young and old households in the lower two strata, but again old households are more likely to be at the top of the economic scale. Yet from Table 14.3 we see that elderly households in Kidul are 1.6 times more likely to receive *zakat*, and 1.3 times more likely to receive *sembako* and PJPS. In Citengah, despite the relatively equal distribution of young and old households in economic terms, *zakat* almost exclusively goes to the old. The picture is very different in Koto Kayo where households containing an elderly person are much less likely to be poor than in the other communities, and much more likely to be rich or comfortable than young households. This distribution is again likely to be due to the strong pattern of out-migration of successful young villagers, the established flow of remittances to elderly parents, and the fact that absent children make no major demands on the produce of family rice land which is concentrated in the wealthier two strata. Charitable support, notably *zakat*, thus does not follow simply from the differing sizes of socio-economic groups.

TABLE 14.4
Strata Comparisons between Older Persons and Non-Older Persons Households, 2000

	Kidul				Citengah				Koto Kayo			
	1	2	3	4	1	2	3	4	1	2	3	4
Older Persons	21.4	23.2	37.5	17.9	15.7	27.5	49.0	7.8	12.0	48.0	30.0	10.0
Young	9.6	34.6	50.0	5.8	6.0	34.0	50.0	10.0	4.2	25.0	31.3	36.9
All households	15.7	28.7	43.5	12.0	10.9	30.7	49.5	8.9	8.2	36.7	30.6	24.5
N =	17	31	46	12	10	31	47	9	8	36	30	24

Source: Household Survey 2000.

TABLE 14.5
Percentages of Older Persons and Non-Older Persons Households in receipt of Charity by Strata: Kidul, 2000–05

		2000				2005			
		1	2	3	4	1	2	3	4
Old	*Zakat*	16.7	7.7	50.0	100.0	8.3	69.2	73.7	92.9
	Sembako	25.0	7.7	75.0	90.0	16.7	61.5	78.9	100.0
	PJPS	16.7	7.7	27.8	77.8	0.0	8.3	22.2	57.1
	N	12	13	20	10	12	13	19	14
Young	*Zakat*	0.0	11.1	38.5	66.7	0.0	11.5	60.0	100.0
	Sembako	0.0	11.1	61.5	100.0	0.0	7.7	73.3	100.0
	PJPS	0.0	11.1	30.8	50.0	0.0	7.7	33.3	66.7
	N	5	18	26	3	6	26	15	3

Source: Household surveys, 2000 and 2005.

The pattern of directing charity, especially at the older population, becomes clearer when we look at households in receipt of charity by age *and* strata. Since the pattern of targeting poor households, both by the mosque and local government, is more pronounced in the East Javanese community, Table 14.5 singles out Kidul, looking at strata differences by age and type of charity. This table also carries forward analysis to the second survey round in 2005. The tendency for "pro-elderly targeting" is evident, and even more pronounced five years later. Old, more than young, households have also benefited from the extension of coverage up the economic scale, a trend that reflects the ageing of the sample population. Thus, by 2005, approximately two-thirds of stratum 2 households with an

older person were receiving *zakat* and *sembako*, compared with only 12 and 8 per cent, respectively, of young households.

Ethnographic data underline the presence of explicit targeting of benefits at older people. Respondents often explained that it was the elderly person in the household who received zakat or *sembako*, and did so because they were old. In addition, we encountered several instances where *zakat* or *sembako* had been received until the older person died, but then discontinued. Two general features of age and household relations underlie these preferences, which there is not space here to consider. One pertains to the perception of deservedness in village society, the other to the relationship between individuals and households. It is not only the elderly who are particularly targeted for charitable support, but generally those households where the household head is widowed or divorced. Within the group of elderly households, it is the elders who are unmarried, childless, or child poor, and those with small kin networks, who are much more likely to receive charity, and particularly, to receive *zakat* (the difference is present, but not as striking, for *sembako* and PJPS). A similar observation has been made by Benda-Beckmann in the context of Ambonese *zakat*:

> villagers conceive "poorness" and "need" primarily in terms of incomplete kinship networks. Thus orphans or widows are poor because they lack the normal set of kin who make up the "full" social and economic units which normally provide for their needs. … In the conceptualisation of poverty and need, material poverty is seen as the consequence of social poverty (Benda-Beckmann 1988, pp. 349–50).

Finally, we can ask what contribution these forms of charity are likely to make to people's minimum living costs. Again, survey data reporting expenses were assessed in terms of respondents' views on consumption and necessary outlays, together with observation of prices in the marketplace and patterns of expenditure. To arrive at an estimate of the impact of charity in terms of "protection afforded" in 2000, we calculated for Kidul that an individual in strata 3 needed at least Rp67,000 [£5.25] per month [Rp804,000 per year] for regular outlays such as food and utility bills. This estimate does not include clothing (which in the case of elderly people is usually given as a gift), housing (which in most cases is owned), ritual expenses, or health care. It is, therefore, an extremely conservative estimate and not one on which a person could live "respectably" or securely. Account also needs to be taken of the fact that the amounts of rice or rupiah received via *zakat* and *sembako* vary, although observed and

reported receipts fall consistently within a given range.[12] On the basis of these assumptions, the proportion of people's minimum daily needs covered by their *zakat* and *sembako* receipts are given in Table 14.6, according to three simplified scenarios: (A) the impact of charity on annual needs where charitable support is consumed entirely by the older person and the amounts received are at the top of the range; (B) the impact where the estimate is based on the mean value of receipts, the older person consuming the whole; and (C) the (much more likely) case where the older person shares the mean of charitable receipts with others. In hypothetical case A, half of an elder's needs would be covered by several sources of support; in the more realistic case B, in which he or she receives mean value levels of charity without sharing, less than one-fifth of minimum needs are covered; most commonly, however, charity is not just for one person to keep, so in case C only 8 per cent of needs are met by charity. Broadly, we may take it that, based on this rough estimate, *zakat* and *sembako* suffice for a small proportion — perhaps 10 per cent — of an average poor person's needs in Kidul. Interestingly, the impact of *sembako* is much larger, despite being only a subsidy; the main reason for this is that it represents a monthly, rather than an annual, source of charity.

Unfortunately, as we saw above, the targeting of *sembako* in most communities is less consistently towards the poor and the elderly.

Implications

At first glance, the benefits of *zakat* look quite insignificant when compared with older persons' total basic needs, and may be reduced further by the

TABLE 14.6
Percentages of Minimum Annual Needs Covered by Charity, Various Scenarios

	(A)	(B)	(C)
	Best case, no sharing	Mean, no sharing	Mean, sharing
Zakat (rice) / year	6.8	2.3	1.2
Zakat (money) / year	7.5	2.6	1.3
Sembako / month	35.8	13.7	5.4
	50.1	18.6	7.9

Source: Estimates based on Household Survey 2005.

fact that most recipients also pay *zakat*. That poor older persons still contribute to Islamic charity may seem surprising.[13] It is, however, an important clue, reminding us what we learned at the start of this chapter about the nature of civil society institutions. The purposes of civil society are not to provide comprehensive coverage, as in welfare state models, nor to assist the free play of forces of supply and demand, as if the economy will more or less automatically provide opportunities for old people. The heterogeneity of cultural values and community organizations opens up several paths of support that lie between what the state and individual economic interests may or may not provide. *Zakat* given directly to poor and vulnerable older persons and their families, as in this Indonesian illustration, is one part of a fabric of Islamic and state practices that may contribute to independent support for older persons. *Zakat* funds are often, for example, used to support educational institutions at all levels, and community health and other projects; their use for such purposes has continually expanded over the course of the twentieth century, and has, in some cases, been encouraged by the state (Taufik 1991). Many older persons have benefited from these institutional developments in the course of their lives, including the opportunities these institutions have opened up for their children. Assisting children to a livelihood that helps them to help their elders is one obvious example.

Religious charity, in any case, is not confined to *zakat*, just as *zakat* is not confined to direct gifts of rice or money. Villagers who are particularly vulnerable receive support via the mosque on many other occasions, although these donations are ad hoc and voluntary (which, of course, makes them more difficult to monitor). The Qur'an and Hadith exhort Muslims to give alms spontaneously to the needy and poor, and this religious charity (*sadaqah*) occurs throughout the year. Neighbours and kin also commonly give monetary gifts at Id-ul-Fitri (holiday at the end of Ramadan). In addition, neighbours quite often provide poor and childless or *de facto* childless older persons (Schröder-Butterfill and Kreager 2005) with a daily meal and, in some instances, shelter. Islamic charity is not necessarily confined to Muslims, nor limited by religious organizations merely to their own followers. In Kidul, Hindu families may receive *zakat*, and support from a given mosque may extend to needy Muslims in its neighbourhood who do not take part in its programmes. The major Muslim organizations, as well as fundamentalist groups, have taken active roles in providing emergency support, notably in Aceh. In other words, the fact

that the direct protective reach of *zakat* as shown in our case studies is limited should not necessarily be a cause for alarm.

With regard to relations between religious organizations and the state, some comment is necessary on the striking contrast, shown in Tables 14.2 and 14.3, in the allocation of state and religious charity in East and West Javanese communities. In the former community, both *zakat* and *sembako* are directed towards poor and vulnerable groups, notably older persons. In the latter this is true only of *zakat*. As Taufik (1991, p. 56) observes more generally of *zakat*, there is "an intricate relationship between religious social duties of Muslim citizens and the non-religious character of the state". In the one community, knowledge of families in need, and a commitment to dispense charity to them, are shared between local government and mosque organizations, while in the other community, different allocation principles are employed. This marked difference may have been influenced by the post-Soeharto government reforms, which provided for open election of village heads as soon as a given current office holder's term expired. In Kidul this transition occurred very rapidly, but not in Citengah. Citengah thus appears to follow the pattern, described by Eldridge (1996, p. 217) for the Soeharto era, in which local hierarchies were prepared to participate in projects that distributed benefits (in this case, *sembako*) across all groups, rather than projects that targeted only parts of the community. In Kidul, local government appears to be more responsive to Islamic ideas of charity, and information about needy families is shared. The difference helps to account for the widely varying evaluations of the effectiveness of government assistance in reaching the needy during the 1997–98 economic crisis (cf. Daly and Fane 2002; Utomo 2003). More generally, the data collected on these three communities show that it is possible to examine state — civil society relations at the local level, thus clarifying the established presence of civil society institutions, and their potential to enhance the lives of older people.

Conclusion

This chapter has tried to provide an overview of the issues and realities that have made institutions of civil society a key factor in approaches to population ageing. Beginning with a wide focus, we have seen that ageing owes its importance as a major policy issue to more than brute demographic trends. Ageing is potentially problematic because of the stand-off between

inevitable limits to state capacity and the unreliability of market solutions. Meanwhile, there is growing recognition that independent institutions have played a major role in modern development, particularly in societies undergoing political transition. Put bluntly: no one now expects the state to be able to do everything, and families operate on too small a scale to generate the institutional frameworks necessary to cope with large-scale demographic, economic, and political shifts. Intermediate institutions are, therefore, necessary. Where traditions of civil society exist, they have the singular advantage of being able to draw together local experience and funding. In the developing world, however, both the extent of their welfare activities in the area of ageing, and their capacity to shape appropriate state policies, are uncertain.

The example of Indonesia reveals major civil society traditions and a tremendous range of activities, from mass Islamic institutions to small development NGOs. The place of ageing policy and welfare in this diversity needs much more documentation. Existing community studies show that both general principles and local problem-solving capacities already provide an important basis for future finance and development. Four main problems confront the development of independent organizational approaches to ageing.

First, the roles and relationships of local government and religious organizations at the community level are the front line of public support for poor older persons in Indonesia, working where possible in conjunction with family networks. Basic material support for older persons varies widely, yet our information, based on the nature and extent of variation, is insufficient. Comparative field research has shown that quantitative and qualitative data can be assembled which give a good idea of how the front line is functioning, and its relation to local economy and society. Considerable vulnerability in older persons appears to exist. A much more extensive set of local databases is needed. Purposive surveys linking subdistrict, district, and provincial levels might then be designed from this experience.

Second, the two main strands of civil society organization with potential to develop knowledge and services for the older persons are: (1) Islamic organizations composed of local constituent groups that can develop their own agendas; and (2) small- and medium-sized development NGOs. Both draw on cultural traditions that emphasize community finance and social support for charity and development purposes. The second strand may

also have links to international aid organizations, and sometimes to their funding. The former have, over nearly a century of activity, developed substantial Islamic finance to support specialized modern sector capacities, for example, medical schools. Can these differing institutional frameworks learn from each other's experience, and contribute to each other's activities?

Third, at present (as far as I am aware), neither Muhammadiyah nor NU have announced formal policies on population ageing, nor developed programmes explicitly targeting health and material needs of older persons. In view of their established national profiles on education, health, and welfare issues, and also the fact that a substantial portion of their own members are older persons, there is clearly an argument that making ageing a priority policy area is in their interest. What is the extent of current activities by major Islamic organizations that give support to older persons? What can be learned from the independent initiatives and experiences of local memberships? What aspects of Islamic finance are most suited for application to ageing needs? Can these organizations, given their academic institutions and political networks, play a major role in developing public and scientific knowledge of ageing, and in shaping state policy on ageing?

Fourth, the problem of ensuring the quality, consistency, and equity of support given by community organizations is one that, as we have seen, has been raised in the context of both Islamic and European discourse on civil society. The autonomy of civil society organizations remains a fundamental principle. It seems likely that the issue of regulation can only be addressed adequately once we have a much more substantial knowledge base on what independent organizations do, and what problems they experience in providing support for older persons.

Notes

1. Adam Smith, in this way, became the putative godfather of both modern economic theory and of civil association. Even in Britain, however, Smith was only one contributor, and theories of civil society changed repeatedly. The idea that the modern market economy is necessary to civil society, and even an aspect of civil society, goes way beyond Smith's account of classical political economy and its basis in civility. See Harris (2003) for a thorough review of the historical evidence.
2. A large critical literature now surrounds this topic (see, for example, Hughes and Stewart (2004), Pemberton, Thane and Whiteside (2006), and Clark and Whiteside (2003)). In the British case, private sector occupational pension

schemes of many of the largest 100 companies were driven into deficit by the financial crisis of 2000–02, that is, they became unable to meet projected payout schedules on existing financial assumptions. Repeated changes in public policies designed to encourage individuals to adopt private sector pensions have contributed to regulatory problems. Pension misselling and mismanagement are widely acknowledged, and have become a powerful corrective to the idea that the marketplace is a reliable supporter of civil society. As Black and Nobles (1998) show, these concerns had become clear before the end of the century. The independent commission charged with providing an assessment of government pension policy has called for systematic and sweeping reforms (Pensions Commission 2005).

3. According to Summers (2007), there have been seven crises, not five: "Over the past 20 years major financial disruptions have taken place roughly every three years, starting with the 1987 stock market crash; the Savings & Loans collapse and credit crunch of the early 1990s; the 1994 Mexican crisis; the Asian financial crises of 1997 with the Russian and Long-term Capital Management events of 1998; the bursting of the technology bubble in 2000; the potential disruptions of the payments system after the events of September 11, 2001; and the deflationary scare in the credit markets in 2002 after the collapse of Enron."
4. The general case for Islam as a force promoting civil society is made by Hefner (2000), drawing particularly on Indonesia. The argument that Islamic militant groups have used approaches common to civil society organizations as a cloak to gain the support of local populations, while maintaining authoritarian ideologies, is developed by Kepel (2002). Kepel argues that this strategy has often produced important benefits for local populations, but has nowhere enabled militant groups to gain power. Debate on this point continues (see, for example, Stephens 2007, for Indonesia). The implication is that Islamic civil society needs to take concerted steps to check infiltration by militant organizations.
5. This observation applies more to some historical periods than others. In Europe the history of civil society and its relation to religion was characterized by serious tension between Catholicism and Protestantism before 1800. This conflict often gave religious organizations of one persuasion a negative political significance (that is, of sedition) in states where kings were of the other persuasion. By 1850, at least in Britain, religious ideas and organizations were able to give active support to social and health reforms, and were not formally excluded from political involvement. The long history of conflict between the church and state (roughly the sixteenth to nineteenth centuries) exercised a strong influence over European national development. This history is undoubtedly a factor underlying the difficulty that the West currently experiences in understanding the possibilities for civil society in different traditions, such as Islam.

6. Ageing policy in the context of authoritarian regimes, nonetheless, remains an issue in Southeast Asia, notably in Burma.
7. Islamic banking is an interesting dimension of this topic. On one hand, it arises in part from doctrines that forbid pursuit of interest income and of profit for its own sake (that is, without regard to inequalities and community values). On the other, whether Islamic banking systems can succeed in providing socially responsible avenues to checking these pursuits is a subject of some debate (Hefner 1996; Ariff 1988). These issues go beyond what can be accomplished in a short chapter, and are not discussed here.

   Another aspect of civil society that has a bearing on finance, but is beyond the scope of this chapter, should be noted. We are concerned principally with the first of two kinds of activity, namely, civil society as a potential alternative to the state in the area of financial assistance and welfare. However, much of the activity of civil society organizations is normally directed to a second activity, that is, making policy issues such as ageing widely known in society, and providing the information necessary to stimulate discussion of alternative policy approaches. There is, in short, an important element of advocacy in what civil society organizations do; their role is both to develop programmes and to help stimulate state programmes where appropriate. Advocacy is often difficult in societies in the course of political transition; as we have seen, civil society organizations find themselves taking on new and unfamiliar tasks. Encouraging new state pension systems is a good example, since the technicalities of alternative policies are an economic speciality that often lies beyond the competence of small development NGOs.
8. "Ageing and the Role of Islam in the Development of Civil Society", Majelis Pendidikan Tinggi dan Litbang PP Muhammadiyah, Yogyakarta, 14 April, 2007.
9. This section draws on data collected by my colleagues in *Ageing in Indonesia, 1999–2007*: Vita Priantina Dewi, Tengku Syawilafitry, Haryono, Edi Indrizal, and Elisabeth Schröder-Butterfill. I am in addition grateful to Elisabeth for the tables in this section. Discussion of local civil society with the team has greatly helped the interpretation developed here, which nonetheless remains my responsibility. We are all grateful to the Wellcome Trust for its generous support of the project.
10. Some individuals in all three communities receive state pensions consequent on their participation in the military or civil service. Pensions are found in all socio-economic strata, although they are most common in the better-off groups. Even modest pensions are an important source of family income, and have a redistributive role; as they derive from the state, and not civil society, they are not discussed here.
11. The late Soeharto era had a system whereby certain villages were considered

"being left behind" on the road to development, and packages were aimed at entire villages, rather than households within villages. The implementation of programmes following the 1997 economic crisis could have loosely adopted this principle.

12. The following table indicates the range of receipts as compiled from survey and interview data on Kidul:

	A	B	C	D
	Range	Mean	Mean per beneficiary	Mean per beneficiary (Rp) per year
Zakat (rice)/year	5-25 kg/year	8.5kg/year	4.34kg/year	9,550
Zakat (money)/year	IDR 10–60,000/ year	IDR 20,833/ year	IDR 10,300/ year	10,300
Sembako/month	5–20kg/month	7.6kg/month	3kg/month	43,200
All benefits combined				63,050

Source: Household Survey and in-depth interviews, 2005.

13. In this respect our findings differ from the general account provided by Ariff (1991), who says that not all Muslims are liable to pay zakat. While strictly true, in the three communities, even poor families, consider zakat contributions obligatory.

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15

EVALUATION AND IMPLEMENTATION OF AGEING-RELATED POLICIES IN INDONESIA

Nugroho Abikusno

The existence of older persons among the population of the Indonesian archipelago, proclaimed by Soekarno and Hatta to be independent on 17 August 1945, has become increasingly more important. The Republic of Indonesia consists of more than 10,000 large and small islands and about 1,000 ethnic and subethnic groups. It is actually a very complex and diversified country in geographic, ethnic, religious, social, and cultural contexts. Indeed, Indonesia has made significant progress in its economic and human development which has resulted in better socio-economic indicators. The majority of the population resides on the islands of Java and Bali, where fertility and mortality rates have been relatively low. Therefore, the majority of older persons lives on these islands. The Javanese is the ethnic majority in the country, accounting for about 41.7 per cent of the total population. Muslims are the predominant religious followers, forming 88.2 per cent of the population of 201 million in 2000.

Presently, the Indonesian population is considered an aged-structured population. The percentage of older persons — those aged 60 and above

— was 7.3 per cent in 2005, an increase from 4.5 per cent in 1971. This segment of the population is growing at a rapid pace and estimated to be above 20.0 per cent by the middle of this century. The percentage of its oldest persons (those aged 80+ and above) to the total population will grow even more rapidly from below 0.5 per cent in 1950 to slightly below 5.0 per cent in 2050; a more than tenfold increase in 100 years. Thus, the rapidly ageing population should become an important policy issue.

Similar to many developing countries, Indonesia has just been experiencing a demographic dividend at the beginning of this century with some provinces experiencing this phenomenon earlier. There are five provinces (Central Java, Yogyakarta, East Java, Bali, and West Sumatra) having more than 8.0 per cent of its population aged 60 and above. These provinces were mostly located on the islands of Java and Bali, except for West Sumatra. In other words, Indonesia has been in transition into an ageing society. Therefore, there must be a commitment from the government at all levels — national, regional and local — to develop policies, programmes and the necessary budget for the establishment of an age-friendly system to accommodate a society for all ages.

Changes have begun in the way the government views the process of population ageing since late 1990s. In the past, policies for older persons were not a major priority due to the fact that they represented only a small portion of the population. Government policies were mostly focused on the expansion of the young population. Still, the past government has prepared some policies — albeit only to a small extent — towards the well-being of the older persons, and these will be discussed in detail later in this chapter.

The objective of this chapter is to discuss and evaluate the laws, policies, and programmes related to population ageing, which have been enacted and implemented; and provide recommendations for policy and programme development based on lessons learned in the past. Before that, the chapter describes briefly the profile of older persons in Indonesia. The role of international organizations, as well as civil society, in dealing with ageing issues in the country is also discussed.

Current Situation of Older Persons

The description of the situation of older persons in this chapter is based on a cross-sectional survey carried out throughout Indonesia's provinces in 2006. This survey is part of recent developments for older persons

conducted by the working group of the National Commission for Older Persons (known locally as Komnas Lansia), which is the newly established commission set up in 2005, and responsible directly to the President. This survey aimed to collect information on older persons' socio-demographics, residential environment, social and economic activities, health complaints, healthy lifestyles, psycho-social condition, and community acceptance.

The survey used a purposive sample, which gathered information from selected elderly groups who were involved in the guidance of regional offices of the Ministry of Social Affairs. Therefore, the selected samples may not represent the nationwide figure. The number of respondents varied between 50 and 100 older persons in each province. The data were collected by a validated questionnaire developed by Handayani (2006) and Abikusno (2006).

There were 1,701 respondents of whom 48.9 per cent lived in urban areas. This composition is quite similar to the nationwide figure. As revealed from the 2005 Intercensal Population Survey, the urban population accounted for about 43.2 per cent of the total Indonesian population. Among the selected respondents, 62.3 per cent of urban older persons were women, and 57.1 per cent of rural older persons were women. Thus, in both urban and rural areas, the majority of respondents were women. This is consistent with other surveys in the country and other countries, which show the existence of the feminization of ageing population as a result of a higher life expectancy among women than men.

In both urban and rural areas, the majority of the older persons were married, and followed the widow/widowed. They generally had low education, with the majority having no education or, at most, having finished primary school. The majority were Javanese, the largest ethnic group in Indonesia, and Muslims, the largest religious followers in Indonesia.

With regards to their social activities, the majority of the respondents went out in the last three months. Visiting friends or relatives was among their outside activities. However, very few were members of elderly clubs.

Older persons in urban areas were more likely (61.0 per cent) to live in crowded residential environments than older persons in rural areas (27.8 per cent). The survey also found that the older persons in urban areas were more likely (32.4 per cent) to have access to a tap water source than older persons in rural areas (12.5 per cent), though the access to tap water was still not widespread. Furthermore, older persons in urban areas were less likely (3.2 per cent) to live in an environment with stagnant waste

water than older persons in rural areas (10.4 per cent). The majority lives in their own houses (73.0 per cent).

In general, the health of the respondents at the time of the survey was good as only 18.8 per cent fell sick during this period. The proportion of older persons who had fallen sick increased in the older age groups, ranging from 12.3 per cent among those aged 60–64, to 30.4 per cent among those aged above 80. However, only less than 10.0 per cent had no illness complaints in three months prior to the survey, about three quarters had chronic disease complaints, and 15.6 per cent had non-chronic disease complaints. As shown in Table 15.1, the majority of older respondents complained mainly of experiencing joint disease/rheumatism, hypertension, anaemia, cataract, and stomachaches in the three months before the survey interviews. All of these illness are categorized as chronic and degenerative diseases.

TABLE 15.1
Frequency of Health Complaints of Older Persons

	Yes	
Disease	N	per cent
Heart attack	13	1.4
Other heart diseases	44	4.9
Kidney disease	14	1.6
Fall	50	5.5
Stroke/Right side	22	2.4
Stroke/Left side	12	1.3
Hypertension	350	38.8
Joint disease/Rheumatism	472	52.3
Bone fracture	11	1.2
Liver disease	7	0.8
Stomach ache	192	21.3
Anaemia	125	30.7
Tuberculosis	19	2.1
Asthma	40	4.4
Diabetes	84	9.3
Parkinson/Tremor & Gait disorder	8	0.9
Cancer or Tumour	14	1.6
Cataract	208	23.0
Peripheral Vascular Disease	20	2.2

Source: Rahardjo et al. (2007).

Table 15.2 provides information on health seeking behaviours and lifestyles. It shows that the majority of respondents did not do regular medical check-ups (73.0 per cent) and did not smoke (79.7 per cent). However, many of them did not regularly exercise (56.0 per cent) and did not attend health promotion sessions at local health centres (61.0 per cent). Also, the prevalence of poor (under) nutrition was quite high (18.5 per cent), and the percentage of those who were overweight was even higher (22.0 per cent). A slight majority did not drink milk daily (52.3 per cent),

TABLE 15.2
Distribution of Healthy Lifestyles of Older Persons

Factor	N	Percentage
1. Regular health check-up		
No	751	73.0
Yes	250	27.0
2. Nutrition status		
Poor	186	18.5
Normal	549	54.0
Overweight	214	22.0
Obese	52	5.4
3. Smoking		
No	789	79.7
Yes	212	20.3
4. Exercise		
No	573	56.0
Yes	428	44.0
5. Drink milk every day		
No	527	52.3
Yes	474	47.7
6. Eat vegetables routinely		
No	229	22.8
Yes	772	77.2
7. Consume vitamins and minerals		
No	772	77.2
Yes	229	22.8
8. Attend health promotions		
No	611	61.0
Yes	390	39.0

Source: Rahardjo et al. (2007).

and the majority ate vegetables routinely (77.2 per cent). They did not consume vitamins and mineral supplements (77.2 per cent). Yet, in general, one out of three individuals has micronutrient deficiency. Micronutrient anaemia is found in more than 65.0 per cent of older women and frail men.

Of the 1,001 respondents, the majority had no problems sleeping (65.7 per cent), did not easily get upset (68.3 per cent), and did not have trouble remembering things (61.1 per cent).

The Activity of Daily Living is measured by the ability of older persons to perform the following tasks: bathing, dressing/undressing, personal grooming, toileting, continence, transferring (rise or retire to bed), walking, and eating. The degree of independence diminishes as one ages. Overall, one out of three older persons is dependent on other's assistance for their ADLs especially in the older age groups (NCOP 2006). The proportion of older persons who were dependent was higher in rural compared with urban areas.

The Instrumental Activity of Daily Living is measured with the ability of older persons to use the telephone, travel, shop, prepare meals, do housework, take medicine, and manage or count money. Overall, only one out of ten older persons is independent for their IADLs (NCOP 2006). The proportion of older persons who were dependants was higher in rural compared with urban areas.

Overall, the above study on the social and health conditions of older persons in the thirty-three provinces in Indonesia show that: the socio-economic well-being of older persons was not really promising. The support needed was mainly received from the family. The environmental health condition was poor as urban older persons were more likely to live in a crowded environment. Access to tap water sources was still limited although urban older persons were more likely to have such access. Efforts to improve health and welfare were not yet optimal, and older person participation at home as well as in the community was still limited. Despite this, their general health condition was quite good, with the majority of health complaints being chronic diseases. The proportion of independent older persons was still quite high (70.0–80.0 per cent), and the psycho-social condition of older persons was relatively good, as was their accessibility to primary health services. In summary, the survey findings indicate the need to have a comprehensive policy to improve older persons' socio-economic well-being.

An Evaluation of Past and Current Policies Related to Older Persons

The move to look into Indonesia's population ageing issues was initiated through the formation of coalitions of various stakeholders at the national and regional levels since 1997. These coalitions of stakeholders consisted of government agencies, academia, and older person institutions, as well as older person activists. To review the past and current policies concerning older persons, this chapter discusses a set of legislation under the different regimes: Old Order, New Order, and Reform regimes. It started with the Provision of Assistance for Frail Older Persons Law of 1965, and was followed by the Workers' Social Security Law of 1992. Between the enactment of Law No. 13/1998 on Older Persons' Welfare to the present Presidential Decree 93/M/2005 on the Appointment and Membership of National Commission for Older Persons for the period 2005–08, there has been a set of Laws and Regulation specifically enacted to address matters related to Indonesian older persons. These laws and regulations are Law no. 13/1998, Law no. 39/1999, Law no. 40/2004, Presidential Decree No. 52/2004, and Presidential Decree No. 93/M/2005.

Law No. 4, Year 1965 on Provision of Assistance for the Frail Elderly's Livelihood

This is the first law made by the Government of Indonesia to provide some forms of public assistance for a very specific group, the frail elderly. Law no. 4/1965 was a starting step towards the implementation of a prosperous society as mandated in *Ketetapan Majelis Permusyaratan Rakyat Sementara* No. II/MPRS/1960, especially Phase I of the National Five-Year Plan (1961–69). This is unusual in the sense that the law was made during first president Soekarno's era when fertility and mortality rates were still very high and he (the president) believed that a large population was an asset for Indonesia, and that Indonesia was still too large for the increasing number of the population. During the Soekarno era, politics, not economy, was the most important programme in the country. It is not surprising that there was little, if any, economic-demographic calculations done to support ageing programmes. Therefore, the Law no. 4/1965 was an exception.

Ageing population, measured by the proportion of a population aged 60 and above, was certainly not an issue at that time. The percentage of the

population aged 65 and above in Indonesia was as small as 2.50 per cent in 1961 (Badan Pusat Statistik 1963). By defining older persons as those aged 60 and above, the percentage was approximately 4.25 per cent.[1] However, it is important to note that the life expectancy at birth in the late 1960s was on average 45.7 years. The definition of older persons in Law no. 4/1965 is 55 and above, which is almost ten years higher than the average life expectancy at birth. In 1961, there were approximately 6.4 per cent, or at least 6.2 million persons, aged 55 and above.

The law was even more unusual as it focused on the frail elderly, which comprised a small percentage of the total number of older persons. To be fair, even the world in general had not paid attention to the economic impact of ageing at that time. As stipulated in Article 1, this legislation defines frail older person as "each individual who, because of their age, could not work and did not have sufficient resources to support their life". Furthermore, in its explanation, the article mentions that older persons are defined as those aged 55 and above. However, the Ministry of Social Affairs, which was granted the authorization to regulate and enforce this law (Article 4), stated that older persons could be younger than 55, as long as their physical condition fulfils the frailty criteria. Furthermore, those aged 55 years and above, but do not satisfy the frailty criteria are not defined as the frail older persons under this law. Therefore, "frailty" under this law was not defined by the chronological age of the person.

The law provided relatively progressive public assistance to older persons in the form of cash subsidies and health/long-term care assistance, which can be given at an individual's home, a nursing home, or a home organized by the family (Article 3). The assistance was organized or channelled through a government institution, private institutions, or individuals (Article 3). In its explanation, the article stated that the amount of basic items such as food, clothes, and money provided to frail older persons was to be decided by the Ministry of Social Affairs so as to enable frail older persons to reach the minimum standard of living. In the case of hospitalization, the cost was paid by the government.

However, as mentioned by Arifianto (2008), this law was never fully implemented. Change of power from a "socialist" era under Soekarno to a market-oriented era under Soeharto in March 1966, less than one year after the law was enacted, made the law remain only in the statute book. It was repealed in 1998 by Law No. 13 Year 1998 on Older Persons' Welfare.

Law No. 3 Year 1992 on Workers' Social Security

This Law was about workers' social security, the UU Jamsostek, including retirement and health care benefits. This was a defined contribution scheme, where the employers and employees had to contribute to the scheme. The money was invested as a provident fund, managed by Jamsostek Ltd, a state-owned company. However, the benefit for the retirement was too small, only about 7.0 per cent of their final basic salaries after thirty-five working years. This Law should explicitly state the directives on age-friendly primary health services for older persons, and include articles on the quality of health providers for older persons, older person health care management systems from the primary care centre to referrals at secondary and tertiary levels, as well as age-friendly facilities at the health centres. However, Jamsostek did not attract workers to join as member as it did not create an adequate incentive to save for retirement; the rate of return was also small. In addition, the management of the fund was not transparent and accountable (Arifianto 2008). Therefore, the government had decided to develop a more comprehensive social security law which was enacted in 2004.

Law No. 13 Year 1998 on Older Persons' Welfare

May 1998 was the time when Soeharto surrendered his power to Habibie, the benchmark of *reformasi* (reforms) in Indonesia. It is a transition from an authoritarian government to a supposedly democratic one. As the first president during the *reformasi*, Habibie revised and rewrote a number of laws enacted by his two predecessors. One of them was the Law Number 4 Year 1965 for Older Persons.

As described in Article 1 of the Law no. 13/1998, an older person was defined as someone who is 60 years and above. Furthermore, the same article mentioned that older persons were not restricted to those who could not work and did not have sufficient income to live on, but also included those who could still work. The striking difference with the previous law is that the government was no longer the sole body responsible for the welfare of older persons. The community and their families must share the responsibility of supporting older persons. Older persons have the same rights and obligations as any other citizens in their social life, their nation, and state (Articles 5 and 6). Article 5 stipulates that the Law

greatly increased the number of services provided to older persons, including religious/spiritual services, health care services, employment services, education and training services, easy access to public facilities, social protection, and social benefits.

Arifianto also showed that the government had created the Five-Year National Strategy to Improve the Welfare of Older Persons in 2003 to complement the Law. The objective of the strategy was to coordinate various governmental institutions, communities, private sectors, civil societies in general, and those for older persons. To support this national strategy, the National Committee on Ageing was created under the Presidential Decree (Keppres) No. 52/2004. The decree was signed in June 2004 by President Megawati Soekarnoputri.

In general, nevertheless, Law no. 13/1998 is still normative, not implementable. Older persons often do not have sufficient access to the services mentioned in the Law. Several articles in this Law require modification in areas such as its classification, scope, and definition. The use of some terminologies is not fair and difficult to implement. For example, the terms "potential" and "non-potential" older persons were popularized in 1998, based on an economic dichotomy that the community could be divided into productive and non-productive people. However, "potential" and "non-potential" are dynamic concepts, which may change. One can be "potential", having the ability to produce, but may suddenly suffer from an accident and become "non-potential". On the other hand, one can be "non-potential" because of health. Yet, after sufficient treatment of the health condition, the person may regain the ability to produce and hence become "potential".

Because Indonesia is a very large country, the feasibility of implementation also greatly varies across regions within it. Furthermore, the regional autonomy (decentralization) programmes implemented since 2001, which provided districts with much larger power to create their own regulations, has contributed much to the rising variation among regions in Indonesia. There have been some inconsistencies among national and regional regulations.

Moreover, there is no provision for older persons in emergency situations such as natural disaster, conflict, and epidemics. During the enactment of this Law, there were no significant disasters in Indonesia. However, between 1998 and 2008, there have been many social conflicts and natural disasters such as the social conflicts in West Kalimantan,

Maluku, and Poso, as well as natural disasters such as the Great Asian Tsunami in Aceh and the Mount Merapi eruption, followed by the subsequent earthquake in Yogyakarta.

Presently, sanctions are only limited to deviations in the provision of health discounts and the social protection of neglected older persons.

Law No. 39 Year 1999 on Human Rights

Women, children, and older persons are often considered under one vulnerable group. One of the chapters of Law No. 39/1999, especially Chapter 3, concerns itself with human rights and freedoms. It consists of ten sections in which Section 9 is on Women's rights, and Section 10, Children's rights. Section 9 stipulates that women's rights are human rights. Several articles on women's rights stipulate women's adequate representation in the political sphere, adequate access to and conditions of schooling and education, the right to maintain, change, or regain her nationality in the case of her marrying a foreign husband, equal rights and responsibilities within marriage. Meanwhile, section 10 stipulates a number of children's rights such as the right to life, to a name and nationality, to protection by parents, family, society, and state, the right to practise his religion, to know who his parents are, and to be brought up and cared for by his own parents, to have access to education and schooling. Other rights are stipulated and expressed within Article 52 to Article 66. However, there is no specific article concerning the rights of older persons.

Because of the rising importance of issues related to older persons, there should be separate articles on older persons' rights and obligations. These articles should address the specific needs of the respective age groups. Law no. 39/1999 has meanwhile become the foundation of policies and programmes related to ageing, in line with the Principles of Older Persons issued by the United Nations in 1998. These principles are independence, participation, care, self fulfilment, and dignity.

Law No. 40 Year 2004 on National Social Security System (NSSS)

As is also happening in other parts of the world, the debate on the best way to finance pension programmes is still going on in Indonesia. Is the benefit the right of the citizens so a government must provide the benefit to its citizens, whatever the condition of the country? What is the

responsibility of the government towards the vulnerable groups, including older persons? Are citizens responsible for chartering their own course to protect their old age? Should the community at large or other members of the family be obliged to support older persons?

Law no. 40/2004 is expected to provide some answers to the debate. It created a comprehensive national social security system to enhance the protection of the pension sector. As explained by Arifianto (2008), the Law mandated that social security be made to cover all citizens (including the informal sectors, the unemployed, and the poor) around 2014. The scheme is funded by tax, paid by both employers and employees, in the formal sectors. The Government subsidizes the contributions to the poor. In relation to old age income security, there were two programmes created: the old age pension programme and the old age savings programme.

The old age pension programme is a defined-benefits social insurance programme, which operates as a partially funded pay-as-you-go scheme. It will start paying pension benefits to retirees after the first fifteen years. The retirement age is currently set at 55. The programme is divided into four components: old age pensions, disability pensions, widow/widower pensions, and child pensions. The fixed minimum pension was set at 70.0 per cent of the minimum wage. The same calculation applies to the disability pension. The widow/widower and children will receive a minimum pension between 40 per cent and 60 per cent of the local minimum wage. The pension benefits will be given to a widow/widower until they die, remarry, or start having full-time job. Meanwhile, children benefits will be given until they die, remarry, start having full-time jobs or reach 23 years of age. Workers who retire before finishing their fifteen years requirement will be entitled to receive the accumulated amount of their pension contributions, plus the investment return, in a lump sum, but they will not be eligible for a monthly pension.

The compulsory old age savings programme is a fully funded, defined-contribution pension programme, similar to the one in the 1992 Workers' Social Security Law. The total amount of benefits is the accumulation of the contribution plus the returns from investments using the accumulated savings. The benefits of this programme will be given as a lump sum when the worker dies, becomes permanently disabled, or retires. The benefits will go to his or her spouse and children under 23 years of age.

However, the Law is not clear on the issue of transparency and accountability of the management of the pension fund. People question the governance on the management of the fund, as corruption is still

perceived as rampant in Indonesia. Indonesians may still be uncomfortable putting their money in state-run financial institutions. Furthermore, in an economy where inflation of 6.0 per cent is already considered low, the benefit of the savings programme may be doubted.

The Law has not provided clear guidelines on the institutional arrangement, fiscal sustainability, and social impact of the scheme. The scheme may be too generous to be sustainable. Finally, the law has not provided a solution to the overlapping regulations on older persons in the Ministry of Social Affairs and other ministries.

Presidential Decree 52/2004 on Formation of National/Regional Commission

The enactment of Law number 13 Year 1998 on older persons' welfare opened the opportunity for the formulation of government regulations on efforts in improving older persons' welfare. However, its formulation took another six years to be enacted. In 2004, the establishment of the National Commission for Older Persons (Komisi Nasional Lanjut Usia abbreviated Komnas Lansia) was declared under Presidential Decree (*Keppres)* no. 52/2004. This decree contains articles on Formation; Task; Organization; Appointment and Resignation; Work Mechanism; Budgeting; as well as Regional Commission, and District/City Commission.

As stated in Presidential Decree no. 52/2004, the Commission has the following tasks: assisting the President in coordinating the improvement of older persons' social welfare initiatives; and providing recommendations to the President in developing policies on improvement of older persons' social welfare. In implementing its tasks as stated above, the Komnas Lansia can cooperate with government agencies, social organizations, experts, international organizations, and/other related parties. The report to the President on the implementation of its tasks is carried out routinely and whenever it is needed.

The Komnas Lansia has formed several working groups to facilitate and monitor the implementation of National Plan of Action for Older Persons' Welfare Guidelines (Pedoman Rencana Aksi Nasional untuk Kesejahteraan Lanjut Usia). These working groups presently focus on analysis of current Law and Regulations related to population ageing, covering all related government sectors. They mapped older persons in the thirty-three provinces in Indonesia, as well as older homes and social organizations related to the aged population, and developed a website to

communicate and cooperate with all related parties, both domestic and overseas, concerned with the ageing population in Indonesia.

Presidential Decree 93/M/2005

The following year, in 2005, the presidential decree on the membership of Komnas Lansia for the period 2004–08 was announced to the general public. The members of this commission were nominated and consisted of twenty-five members — fifteen representing government agencies and ten representing older persons NGO, academia, the mass media, and business/private sectors.

The next Komnas Lansia membership will be nominated by the present members of the Komnas Lansia. This way, the sustainability of the commission will be ensured, and all members representing the stakeholders concerned with ageing issues will be made accountable to their constituents and the public in general. Up to June 2008, members of the government agencies have been replaced due to mutation or change in assignments, while members of NGOs have been, or will be, replaced due to inactivity or death on a mission.

In 2006, the regional or provincial commissions were mostly established on the island of Java and Bali. By June 2008, there were already twenty-two regional commissions, covering Banten, West Java, Yogyakarta, Central Java, East Java in Java; Nanggroe Aceh Darussalam, North Sumatra, West Sumatra, Bengkulu, South Sumatra, and Lampung in Sumatra; West Kalimantan, South Kalimantan, and East Kalimantan in Kalimantan; Bali; North Sulawesi, Central Sulawesi, West Sulawesi, and Gorontalo in Sulawesi; Maluku; and West Nusa Tenggara and East Nusa Tenggara. The province of Jakarta, on the island of Java, is presently being established. At the district/city level, commissions have been formed in Bantul (Yogjakarta), Padang, and Payak Kumbuh (West Sumatra). Most of the obstacles experienced in the formation of regional commissions greatly depend on the regional government's commitment, political acceptance of nominees for their position in the regional commission, structure and representation in the regional commission, and funding allocation for the regional commission.

Evaluation in the Implementation of Age-friendly Programmes

The study on implementation of policies and programmes on population ageing was conducted by a working group of the National Commission

for Older Persons in 2006, which focused on provinces in Java because of the majority of older persons residing on the island of Java. The working group found that many government agencies had not been socialized on laws relating to ageing, except for Social Services, and the local Regional Government Social Welfare Bureau. Meanwhile, only primary health care for older persons has been socialized (puskesmas santun usila).

Several government agencies have implemented efforts to improve older person welfare such as health, social affairs, and public works. In particular, new buildings with age-friendly environment have been constructed, even though these agencies in the past ten years had not received any official departmental socialization on efforts to improve older persons' welfare. The family planning agency has been conducting older persons' guidance programmes (bina keluarga lansia). However, these activities have been increasingly diminishing because they have been too centralized. In contrast, the implementation of the regional autonomy policy at present has led to the provincial government not having any influence on the district/city governments to adopt programmes for older persons. All programmes at this level have to be approved by local parliaments through the local legislature for their implementation and funding.

Regional autonomy has become a major obstacle because the central government agencies where ageing policies and programmes have been initiated can no longer directly instruct officials at a lower tier, especially at district levels. For example, the Ministry of Transportation cannot instruct public transportation organizations and private companies to provide obligatory free transport or special seats (usually in the front rows) for older persons. Even though these facilities exist, there has to be enforcement of these age-friendly regulations for the rights of the older persons to be ensured.

In general, services provided for older persons' welfare at the provincial level are as follows: First, health services in the health centre is provided on designated days, and some are already providing special counters for older persons. The health services have also published guidebooks for older persons' health services in the health centre (age-friendly primary health service). Second, social protection and assistance are limited in number, and provided to 450 frail older persons (not potential) in the sum of US$34 per person per month. Presently this programme has been extended to include more disadvantaged older persons. Third, although

the installation of railings in public restrooms/toilets of new public transportation stations is compulsory, only several railing-equipped facilities have been established in Central Java. Fourth, the family planning service provides guidance to older person families (Bina Keluarga Lansia). Fifth, the Governor of East Java had circulated a letter numbered 460/7410/2005 on the establishment of Karang Wreda (older person groups/associations) at the village/sub-district level on 8 August 2005, directed to all Regents/Mayors to implement/establish these institutions under their jurisdiction. Recently these older person groups have been empowered through organizing their membership in economic productive activities (*posdaya*). East Java, through its regional law and regulation, has been in the forefront of ageing policy development as shown in the establishment of a structural hierarchy of coordination between government agencies and civil society (Abiyoso Karang Wreda) from the provincial down to the village level.

Frequently, various social organizations and groups concerned with older persons have implemented various activities related to efforts to improve older persons' welfare. However, these organizations/groups are not aware of the existence of laws and government regulations that have been issued by the Government. Thus, the activities that have been implemented are usually integrated with various social activities related to the needs of the local community, such as religious activities, physical exercise, and potluck/social gatherings. The majority of these activities are held incidentally, namely, to commemorate local government day, National Independence Day, or a major private company's day in the region. However, there are also activities organized every month. Health activities are conducted in cooperation with the local health centre or with individual physicians concerned with older persons' health care.

Agencies also assign units within its organization to provide guidance to older persons on social and health matters. This structure is also seen at the provincial government agencies. An example of agencies that organize such activities is the health and social welfare bureau under the National Family Planning Coordinating Board (BKKBN), which has specific budget to enhance older persons' welfare and improve guidance for older persons.

Assistance provided to older persons can be in the form of health services (Puskesmas Santun Usila); community initiatives by women groups at the neighbourhood level, known as Family Assistance Centres (Pusat Santunan Keluarga/PUSAKA), to provide daily meals for

disadvantaged older persons (meals on wheels); working capital, including work tools, which are provided, based on the older persons' interest/expertise, as decided by social affairs and national family planning body (economic productive groups).

Social organizations and community groups concerned with implementing efforts to improve older persons' welfare can be found at the village level in the form of foundations (community), nursing homes (government and private/community), Older Person Family Guidance (National Family Planning Body), and older person groups/associations (community-based). Thus, presently, government involvement is only seen in the limited number of government nursing homes and older persons guidance groups. Furthermore, their roles have diminished since the beginning of the reformation era in 1998.

Each province has a social home managed by both the government and the private sector/community. Those managed by the government receive funding from both the National and Regional Income and Expenditure Budget (APBN and APBD). Those managed by the private sector/community receive funding from outside sources/donors such as Dharmais foundation (founded by former president Soeharto, with social welfare activities focused on orphans and older persons), as well as private companies, both local and foreign.

Some obstacles at different levels are encountered in efforts to improve the welfare of older persons. Policymakers in government, especially in localities with a low proportion of older persons, view older persons as being unproductive and, therefore, they are considered a burden to the existing budget. As a consequence, from the perspective of the regional governments, older persons do not require special attention. However, these regional governments should be aware that the ageing issue will eventually confront them. Currently, they are in a position, or have sufficient time, to develop its system and infrastructure to anticipate the coming ageing problems. Relative to the provinces with older age-structure, these regional governments are still endowed with the demographic bonus, as reflected in the relatively large number of working-age population.

The uninformed public often states a very familiar rhetoric on older persons, which is mainly based on ageism or negative stereotyping that works against the universal principles of a society for all ages. What is the use of taking care of older persons? They only have a short life to live! This attitude is brought about by the prevailing negative image of ageing that the general public has of older persons, who are considered as frail, sick

and forgetful. They do not realize that improving the quality of life of older persons will enable them to remain active as long as possible, postpone their disability, and lessen the burden of the frail elderly on the family, community and nation.

Among older persons themselves, the majority are pessimistic and feel vulnerable. The only goal in their remaining life is to lead a secluded and quiet life. All these views do not support efforts to improve older persons welfare. However, there are some older persons who adopt a positive view. They refuse to be considered weak/frail, they still want to show their potential, and do not want any charity. This is a good example of a positive attitude in older persons in promoting active ageing in the community.

Role of International Organization

UNFPA is the only international organization or agency involved in ageing issues in Indonesia. It provides grants to the Indonesian Government to set up a National Plan of Action (NPA) for Older Persons. This is a UNFPA's shift of orientation, from family planning to ageing issues, as Indonesian fertility was already considered relatively low and ageing has been seen as an increasingly more important issue. The first version of NPA was made in 1998. It was the beginning of the creation of laws and regulations, specifically enacted to respond to ageing issues in Indonesia. Law No. 13/1998 on Older Persons' Welfare was made in 1998, after the publication of the first version of NPA.

It took another five years and was revised three times before the National Plan of Action for older persons' welfare guidelines was developed in 2003; one year after the Ageing Summit in Madrid in 2002. This endeavour was supported by United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) and HelpAge International through its partner in Indonesia, Yayasan Emong Lansia (YEL).

The third version was made in 2003, and took into consideration the results of the 2002 Madrid International Plan of Action on Ageing (MIPAA) guidelines, a milestone in the global programmes dealing with ageing issues. The third version was also facilitated by the UNESCAP and HelpAge International. UNESCAP has conducted a review and appraisal of MIPAA since 2005 and Indonesian experts have been included in this effort.

UNFPA also supported the successful population census in Nanggroe Aceh Darussalam in 2005, one year after the tsunami in the area. One of

the publications was "Analysis of the Aged Population in Nanggroe Aceh Darussalam". Furthermore, the UNFPA funded the preparation and publication for the Indonesian Population Projection 2000–2025, which is very useful for a better understanding of ageing issues in Indonesia.

In short, UNFPA realized the rising relevance of ageing issues in Indonesia. Indeed, Indonesia is one of the countries to receive increased priority in UNFPA country programmes. The other countries include China, India, Mongolia, Myanmar, Sri Lanka, and Thailand.

Civil Society

Although the government initiated most of the responses to ageing issues, civil societies have also been active in responding to them. There were at least 438 social organizations working on ageing issues. Most (357) were non-institutional NGOs and the remaining were institutional nursing homes. Through the NGOs and social organizations, the community has provided huge support for various programmes for older persons.

The ageing movement in Indonesia started as early as the mid-seventies with the concern of women groups about the livelihood of the poor disadvantaged elderly living in the community. These concerned women groups in Jakarta organized themselves to provide meals for the disadvantaged elderly in their respective communities. This movement was originally known as home care. Through its activities, PUSAKA (Pusat Santunan Keluarga or Centre for Family Assistance) provided meals six days per week, organized meetings of religious groups, and regular health examination by the local health providers for the disadvantaged elderly. It was based in the community at the neighbourhood level in Jakarta and used a non-nursing home system to provide social services for the poor. There were 106 PUSAKAs in the five municipalities of Jakarta in July 2007.

The community-based home care programme such as that implemented by PUSAKA is an example of the contribution of civil society. Three obstacles are, however, found in community-based home care programmes. First is the wide variations in the need of sick, older persons. Second is the low accessibility of the weak or bedridden older persons to home care programmes. Third is the limited infrastructure to support home care programmes.

Yet, a study on home care programmes (Sabdono 2007) has shown that they are needed by the community. The obstacles should be removed and the programmes should be expanded to other areas in Indonesia. The

study also found that home care programmes are consistent with Indonesian norms, which reflect how people prefer to take care of their own older persons. The programmes are also found to be appropriate for a disaster area such as the one in Aceh. Indeed, home care programmes have been legalized by the Minister of Social Affairs, Republic of Indonesia, via Decree No. 67/HUK/2006.

Another form of grass roots older person movement is the formation of elderly clubs that have been initiated by older persons themselves, such as retirees who are concerned with the welfare of their peers in a neighbourhood/village. Their activities are mainly focused on savings and loans, health, social gatherings, and burial services. Presently, many government agencies especially those for health, social affairs, and the national family planning body have espoused and disseminated their programmes for the aged through these elderly clubs or associations.

Another form of more formal older persons' associations was established and mostly initiated by retirees of the civil service and the armed forces. In the mid-eighties the Indonesia Gerontology Society was formed that pioneered deliberations and research in the field of ageing. At the central level, and subsequently also at the regional level, various civil society elements formed an institution of older persons (known as LLI/Lembaga Lanjut Usia) facilitated by the Ministry of Social Affairs. Thus, historically, older persons policy and programme development has always been spearheaded by social affairs agencies both at the central and regional levels. This had its advantages and disadvantages.

The advantage was that policy development for older persons was considered more a social issue. The disadvantage was that all other sectors, especially health, did not consider ageing a priority issue compared with maternal and child health, reproductive health or HIV/AIDS for instance. Thus, at the primary level, Indonesia is presently lacking in professional health providers who are adequately qualified to provide medical gerontology or geriatric services to its older population.

Recommendations

Policy on ageing should be continuously socialized to the general public. In its implementation in the regional areas, ageing policy should be part of, or integrated into, the regional regulation especially for provinces in Eastern Indonesia which will still take a longer time to face ageing issues. There should be an effort to develop pilots/models of ageing systems and

infrastructure as a societal investment for the future. The programme also requires a holistic approach and intersectoral coordination. Funding for programme implementation should be integrated and intersectoral, both at the central and regional levels.

Elderly health must be supported by an integrated, age-friendly holistic approach that focuses on local older persons' epidemiology for the priorities of its programmes. Efforts for the advancement of the elderly's health and welfare should be supported by older persons' needs data acquired through research that includes middle and young elderly respondents. The data collected should be disaggregated and collected from the village level to show the dynamics of elderly clubs at the grass roots level. There should also be a minimal data set that reflects the health and socio-economic condition of the older population.

Training in medical gerontology and geriatrics must be made compulsory for all stakeholders, especially the geriatric team providing age-friendly primary health care, such as medical and allied health professionals. More qualitative research should be conducted involving formal and informal community leaders to jump-start the ageing revolution in their respective communities, based on local social, cultural, political, and economic influences in the various regions in Indonesia.

High in proportion, active older persons should be organized within older person groups/associations to enable them to socialize and be catered to by government agency services in health and social welfare. Social security should be developed based on the National Social Security System law, and implemented considering the local capacity for both formal and informal sectors.

Preventive efforts for the health and welfare of older persons should be done as early as possible based on the life-cycle approach, and should be an integrated promotive-preventive effort such as the efforts that have been developed in reproductive health. Accessibility for older persons and the disabled is the task of public works and other ministries such as health and social affairs, as well as the private sector. Housing for the elderly will be the main responsibility of public works, and the private sector, specifically for developing housing and building an age-friendly environment. A positive image of ageing should continuously be developed socially, and the role of mass media here — such as radio in rural areas, and national television broadcast in both urban and rural areas — is very important.

Note

1. The published data in Badan Pusat Statistik (1963) only refer to those in the population aged 55–64 and there was no data for population aged 60–64. Therefore, in this chapter, the number of those aged 60–64 is assumed to be 0.45 times the number of those aged 55–64.

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